Ontario's Financial Crisis (Page 13)

THE FINANCIAL POST

Largest Circulation of Any Canadian Financial Paper

The Canadian Newspaper for Business Men and Investors

Vol. XXX | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, JANUARY 18, 1936 | 10c a Copy; $5.00 a Year | No. 3

The Nation's Business

Loan Council Plan

Step in Right Direction

Ontario is Key to Canadian Credit

Bankers Speak in Plainer Words

A Major Step For Sound Finance

A CANADIAN province, Alberta, was within a few hours of default on its bonds this week. Never before in Canadian history has such a situation occurred. Common sense saved the day. The provinces agreed to Mr. Dunning's loan council plan of a federal guarantee for bonds of provinces whose credit is shattered and Alberta apparently agreed to come in on the plan. It was then given temporary help to meet its present maturity.

No incident could have demonstrated more clearly the need for a rational plan of merging Dominion and provincial credit to replace the haphazard system, that has prevailed up to date, of advancing money to the provinces without strings.

Wholehearted support of the loan council plan may be a major step toward solution of some of our major debt problems. Provinces, which cannot borrow on their own credit, can now obtain the benefit of federal guarantees, which will make it possible for them to refund their debts at lower rates of interest.

In return, they must submit to a measure of control of their borrowing. This really means substantial control of their budgets, as provinces that are balancing their budgets have little occasion to borrow.

The Loan Council plan was first outlined to the investment public in The Financial Post in December. Some modifications of the original scheme have resulted from the discussions that have taken place but the plan is in essence that which The Financial Post described at the time of the recent Premier's Conference.

* * *

Hepburn's Chance To Do Big Job

IT HAS been given forth that the Ontario deficit for 1935-36 will be about $12 millions. Acting Premier Hon. H. C. Nixon has announced the new provincial income tax to raise about $15 millions net. On the surface of things, it would appear that this major act of sacrifice that taxpayers are asked to make should balance the 1936-37 budget.

Such is far from the case.

Ontario has been making capital expenditures which are not included in the stated deficit. Since sinking fund provision is woefully inadequate, and since many of the province's capital investments are not being amortized, it is only proper, in compensation, to include capital expenditures in the deficit. This means that the current deficit is actually about $30 millions, which the income tax alone will not cure.

* * *

THE new revenue provides an opportunity to achieve a genuine budget balance in Ontario. The missing link is the economy programme of which little has been heard for some time. The 1935-36 budget allowed for ordinary expenditures of $59.4 millions, an increase over 1933-34. On the other hand, it did contemplate a substantial reduction in capital expenditures.

It is possible for Ontario to save several million dollars annually in interest charges by a judicious programme of debt refunding in the next two years. The possible saving, however, will be far from sufficient to wipe out the deficit.

The fact remains that reductions in expenditures will have to be made to bring the budget into true balance.

* * *

ONE of the chief claims of Premier Hepburn before election to office, and even after election, was that the Ontario budget would be balanced and that the credit of the province would be restored. While some steps in this direction have been taken, Mr. Hepburn has been active in sponsoring policies which appear designed to destroy Ontario's credit.

Even balancing the budget will not be enough to restore the credit of Ontario if there is no reversal of policy on other matters.

Action will have to be taken sooner or later to repair the damage done by the Roebuck policy or repudiation of Hydro contracts.

Closer control should be exercised over the Croll policies of municipal debt adjustment which have shattered creditor confidence.

Mr. Hepburn himself should an-

(Continued on page 2, col. 3)

See Little Early Use Of Loan Council Plan Of Refunding Bonds

Refinancing of Maturities Rather Than Wholesale Refunding Expected — Provinces to be Kept from Default Until Laws Passed

ONTARIO CONVERSION RUMOR DENIED

From Our Own Correspondent

OTTAWA.—Application of the loan council scheme, approved this week at Ottawa, may be on a comparatively small scale in the first instances. Provinces will be safeguarded from default until the scheme is in effect. After that, loans to provinces will be made only for relief purposes.

Under the approved plan of amendment of the British North America Act, a province may either obtain a Dominion guarantee on new borrowings only, or upon a wholesale scale, for conversion of existing bonds into new securities at reduced interest rates.

Ontario has no plan for refunding outstanding bonds, officials inform The Financial Post. Recourse to a federal guarantee for new Ontario borrowings has not been suggested, it is stated.

Saskatchewan definitely does not desire to adopt the scheme to refund all its debt but will probably take advantage of it to handle new borrowings.

British Columbia, too, may use the loan council plan only to refund maturing obligations.

Other Provinces

Manitoba does not have to make a decision for three years as to maturing bonds.

Quebec and the Maritimes are not confronted with any immediate debt crises.

If Alberta chooses to confess inability to pay, and adopts the loan council scheme to refund its bonds, the other provinces will have ringside seats at the performance.

Eventually, the loan council scheme may come into wide application.

In its constitutional aspects and other major phases, the loan council plan follows The Financial Post's forecasts to the letter. There have been modifications in details.

Aberhart and Dunning

Alberta has agreed on the principle of a loan council. Premier Aberhart has withheld consent on details, however, because they haven't been put in black and white. The partial approval was sufficient to enable Alberta to get a loan from the federal government to pay $2 millions of maturing bonds Jan. 15, when on the very brink of default.

The Financial Post understands that delegates from all the provinces strongly advised Hon. C. A. Dunning, Minister of Finance, to avert any provincial default in the period prior to the loan council plan becoming law. Consequently, it now seems probable that any default on provincial maturities will be avoided until the loan council statutes are enacted.

Mr. Aberhart won a reprieve from bankruptcy. Mr. Dunning won tacit approval of the loan council principle.

Plan Ready Soon

Great Britain's Parliament will be asked to amend the British North America Act to make the loan council scheme effective. It is expected that the subject will come before the British Parliament by March or April. The British government will be informed that all provinces accept the principles of the necessary amendments, and it is therefore expected to alter the B.N.A. Act as requested.

The next step will be to have provincial laws passed approving the B.N.A. Act changes. This can be accomplished speedily, since representatives of all the governments agreed to the principles at this week's Ottawa conference.

Default or Receivership

The clear-cut principle behind the statement of agreement on the loan council scheme is this:

Provinces that are unable to meet debt maturities or to finance their budget requirements, apart from relief, are to pass into a receivership in which bondholders will be protected as to principal and the provinces will be strictly controlled as to additions to debt. The alternative is default.

The official statement announced that the policy of a loans' council had been approved; that provinces would be free to decide whether or no and to what extent they would come under it. Much was made of the voluntary nature of the council but it was also told, in the statement, that once under it, no province could withdraw until the guaranteed debt had been wiped out.

Dominion Finances

It has been decided that the paramount interest of the Dominion must be to put the federal finances in sound condition, without imperilling the objective of lending what assistance is possible to the provinces.

The aim of federal authorities is to exert every effort to cut the deficit in half in 1936-37 and to bring down a balanced budget for 1937-38.

Studied Debt Problem

Since the December conference, the government has given close attention to the debt problem, particularly the Hepburn policy of a wholesale, compulsory conversion at reduced interest rates. Important decisions have been reached.

1. The government believes 3 per cent should be the rock bottom of government bonds and will make no effort to force the rates on long term issues below this figure. The sustained drive for lower interest rates will halt when 3 per cent has been attained.

2. The Dominion government believes it essential to preserve the national credit intact—as a rock upon which all Canadian credit can rest. Therefore, the Hepburn proposal of

(Continued on page 2, col. 3)

Small Income Won't Escape Ontario Tax

Rates Are About One Half Those Imposed by Ottawa

SMALL INCOMES TAXED

Taxation of all annual incomes exceeding $1,000 for single persons resident in Ontario and exceeding $2,000 for married persons is to be provided for by the Ontario Income Tax Act. A draft copy of the act, which is to be introduced in the Ontario legislature, next week has been released by the government.

The rate of taxation is one half that levied by the Federal government, rates ranging from 1½ per cent to 28 per cent in the lowest and topmost brackets respectively.

Exemption of $400 per child or other dependent is allowed.

Follows Federal Lead

The bill leaves corporation taxes in the hands of the municipalities, and applies only to personal income and returns from "personal corporations." The personal income tax heretofore imposed by municipalities disappears.

Returns must be filled on or before April 30 in each year. Before the last day of February employers must file with the Treasury Department details of salaries paid and corporations must enter returns as to dividends and bonuses distributed.

Collected by Ottawa

The tax will be collected by the Federal Department of National Revenue and will be collected on the 1935 income in the same manner that the Federal income tax is collected.

Wide Range of Revenue

Taxable income as defined by the act covers a wide range of revenues, but it makes conditional exemptions for charitable institutions, labor organizations and farmer and cooperative associations.

Single persons earning $1,500 a year will pay a tax on $500, or $7.50. If earning $1,000 in excess of exemptions, however, the tax will be $15, or 1½ per cent, and two per cent on the amount by which the income exceeds $1,000 and does not exceed $2,000.

Married persons who are childless earning an income of $2,000 in excess of exemptions shall be subject to a tax of $35, and 2½ per cent upon the amount by which the income exceeds $2,000 and does not exceed $3,000.

Payment of the tax does not have to be in a lump sum Attached to the taxpayers return must be a payment of not less than one-quarter of the amount of the tax. Thereafter not more than three equal bi-monthly installments can be paid, together with interest at the rate of six per cent per annum upon each installment from the last day prescribed for making such return.

Federal Deficit Of $116 Millions Believed Likely

From Our Own Correspondent

OTTAWA.—This year's federal deficit, contrary to some reports, will be about $116 millions. The government proposes to cut this in half in 1936-37 and to show an over-all surplus in 1937-38. There may be increases in taxation, but increased trade will be relied upon to swell revenues and to reduce relief costs.

Interest Savings

The federal drive will be for economy, rigid control of capital expenditures, conversion of maturing bonds at a saving of interest.

Nothing in the form of "work and wages," gargantuan housing schemes, costly social reforms, will lure the government from its selected path, it is stated.

A minimum of tinkering with statutes, and a thumbs down policy on social legislation, are to be government policies.

Jan. 20 Final Day Gt. Lakes Appeal

Final day for appeal against court approval of the sale of assets of Great Lakes Paper Co. is Jan. 20. As yet, no appeal has been entered, but it is still possible that one will be made.

The newsprint industry has been opposed to the terms of sale accepted by bondholders of the Great Lakes firm. The view of the industry has been that the form of sale to the Gefaell-Aldrich interests involves a contingent price rebate on newsprint. This, it is feared, may be detrimental to the industry's price structure.

The Upper Lakes Pulp and Paper Co. has been incorporated as at Dec. 13, 1935, to take over the Great Lakes assets under the Gefaell-Aldrich deal. Its capital is 100,000 shares of each of Class A, Class B and common stock. The head office is to be at Fort William.

Cotton Trade Applies Brake On Production

Inventories High Enough in View of Present Conditions

JAPS AND A.A.A.

From Our Own Correspondent

MONTREAL.—In view of the immediate uncertainty in regard to the market, especially on raw materials, the major Canadian cotton textile operators will shortly reduce plant operations with a view to cutting down inventories and at the same time await a clearing up of a number of uncertain situations.

Demand for cotton goods has been fairly satisfactory, though of late inventories have shown signs of accumulating.

Imports from Lancashire and the United States have been "normal," which means that they continue to cause keen competition. Profits have been relatively small, however, and concern is felt over changed trade relations with Japan and the unsettlement in the U. S. cotton situation over the A.A.A. defeat.

A.A.A. Blow to Market

Removal of restriction on production, as implied by the renouncing of the A.A.A. legislation, has already caused a relatively severe break in raw cotton prices. The decline affects inventory values and the Canadian industry has not escaped.

Manufacturers here are hesitant about making commitments for cotton until the American situation clarifies. If the A.A.A. is not replaced by some other agency designed to accomplish the same end, a very unstable market will result for the immediate future.

Until there is a definite declaration of the intended policy of the U. S. Government, however, the raw cotton market remains in a nervous state. The manufacturers are confronted with possible inventory losses unless the market remains stable enough to absorb the goods already processed.

Japan Agreement Hurts

The other situation which makes the outlook uncertain not only for the Canadian cotton textile people, but also for Canadian Celanese and Courtaulds, has to do with the trade concessions made to Japan.

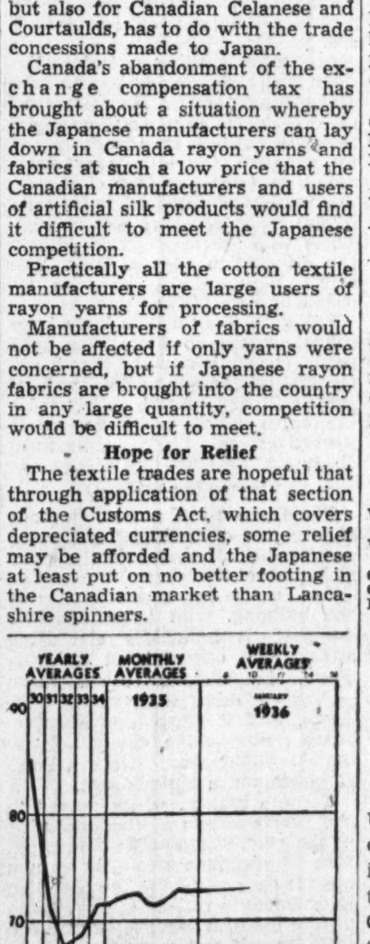
Canada's abandonment of the exchange compensation tax has brought about a situation whereby the Japanese manufacturers can lay down in Canada rayon yarns and fabrics at such a low price that the Canadian manufacturers and users of artificial silk products would find it difficult to meet the Japanese competition.

Practically all the cotton textile manufacturers are large users of rayon yarns for processing.

Manufacturers of fabrics would not be affected if only yarns were concerned, but if Japanese rayon fabrics are brought into the country in any large quantity, competition would be difficult to meet.

Hope for Relief

The textile trades are hopeful that through application of that section of the Customs Act, which covers depreciated currencies, some relief may be afforded and the Japanese at least put on no better footing in the Canadian market than Lancashire spinners.



Wholesale commodity prices advanced to 72.9 in the week ended Jan. 10, from 72.8 in the previous week, according to the index compiled by the Dominion Bureau of Statistics.

Ont. Equitable Plans Changes of Vast Scope

Reduced Capitalization and New Name Proposed

FEDERAL CHARTER

Company Also Intends to Write Participating Insurance Under Proposed Set-up

Four major changes—perhaps the most significant in the life of the 15-year-old Ontario Equitable Life and Accident Insurance Co. are announced by officers of the company.

In brief the company proposes:

1. To obtain federal incorporation in place of its existing Ontario charter.

2. To change its name to Equitable Life Insurance Co. of Canada.

3. To revalue its capitalization on a $25 par value basis thus releasing $328,000 for shareholders' surplus.

4. To issue participating policies in addition to the non-par business to which the company has devoted its activities in the past.

Apply at Next Session

First step in the new plan will be the application at the next session of federal parliament for Dominion incorporation. That having been achieved the company will take steps to secure the approval of shareholders to an agreement transferring business now on the books to the new concern. At a subsequent date shareholders are to be sent details of the agreement now put forward in tentative form.

Will Exchange Stock

Regarding the change in capital structure the company now has outstanding some 67,400 shares of stock with a $100 par value on which $10 per share has been paid by shareholders (exclusive of premiums and other considerations).

The proposed plan calls for an exchange of existing shares for new stock of $25 par value on a share for share basis. The new stock would be paid up to the extent of $5 per share, the other $5 being transferred to shareholders surplus account.

While not changing the intrinsic value of the stock the change aims to eliminate a topheavy capital structure; to reduce excessive authorized and subscribed capital by one-quarter and achieve a better balance between capital and surplus.

Possibilities of a "call" on shareholders are also reduced, the uncalled capital under the new plan being $20 per share in place of $90. Comparative figures follow:

Capitalization	Present $	Proposed $
Authorized capital	8,000,000	2,000,000
Subscribed capital ...	6,741,600	1,685,400
Paid-in capital	655,586	327,793
Surplus	76,359	404,152
Par value (per share)	100	25
Paid in value (per share)	10	5
Call liability (per sh.)	90	20

Participating Policies

Reason advanced for the decision to write participating business is that premium rates generally are being raised to compensate for declining interest rates and under these circumstances prospective purchasers tend to develop a preference for policies on which they can obtain dividends or refunds if higher premiums prove unnecessary.

Once earnings have been established it is planned to allow shareholders to participate in profits on participating business to the extent of five per cent.

Chief personality behind the company in recent years has been M. J. Smith, general manager since 1931

Flour Exports Reveal Gains

Improvement in wheat flour exports at the year-end compared with 1934 is shown in the week's business figures. Exports of wheat were quieter, reflecting uncertainty that preceded appointment of a new wheat board.

Monthly		Dec.	—Change— From prev. period %	From prev. year %
Wheat flour exp.	bbls.	443,828	—15	+31
Wheat exp...	bush.	17,043,882	—35	— 1
Weekly				
Car loadings.....	No.	34,458	+13	+ 1
Cattle sales......	No.	15,175	+36	+13
Hog sales........	No.	16,809	+66	—31

—Drawn for The Financial Post by R. Kaell.

WHERE THE DIVIDEND MONEY GOES

Mont. Power Earns $1.72 On Common

1935 Decline Small in View of Lower Power Rates

CUT FUNDED DEBT

From Our Own Correspondent

MONTREAL.—Capital stock earnings of Montreal Light, Heat and Power Cons. during 1935 were equal to $1.72 a share on the outstanding common stock, compared with $1.78 in the previous twelve months, according to preliminary figures.

It has never been the practice of the management to detail sources of revenue to show income from power sales, gas sales or investments. The operating statistics for last year, however, tend to show that the widely-heralded rate reduction on domestic power, put into effect, a year ago, has had little effect on earnings. The experience of other utility operators has been that a rate reduction was followed by a decline in earnings. This does not appear to be the case in connection with Montreal Power.

Power Sales Higher

Last year the company had an output of primary power totalling 1,429 million kw.h. distributed to 266,662 customers, as against 1,416 million kw.h. taken up by 265,534 customers in 1934. The increase in power load, while helpful, was not of sufficient size to offset the lowering of rates.

Gas Sales Lower

Revenues from gas sales were undoubtedly lower in 1935 as there was no increase in rates while output fell off to 5,156 million cubic feet from 5,390 million cubic feet in 1934.

Revenue received by Montreal Power from its investments continues to be a matter of guesswork for the shareholders. At the end of 1934 the company had $19.3 millions invested in Dominion and provincial bonds. In addition it had large sums invested in subsidiaries and other corporations.

Small Drop in Gross

From all sources the revenue of Montreal Power amounted to $24,042,327 in 1935, as against $24,273,719 in 1934. Considering the lower trend of interest rates on investments and the reduction in domestic power rates, as well as the falling off in gas sales, the decline of only $231,000

(Continued on page 2 col. 6)

Two Insurance Companies Quit Their Association

Meeting at Toronto, the Canadian Underwriters' Association has decided to take no immediate action in regard to the resignation from the association of the Dominion of Canada General Insurance Co. and the Home Insurance Co.

Meanwhile these two companies will retain membership, entailing maintenance of rates and rules at least until March when the requisite 30-days notice will expire. Negotiations will be conducted by the association in the interval in the hope that the companies can be persuaded to reconsider.

The reason for the withdrawal of the companies is not definitely known, and both the association and the companies themselves are keeping strict silence.

However, it is understood that at the annual meeting of the association in Montreal last month proposals were made which were not in accord with the wishes of the Home and the Dominion of Canada General.

Resignations were subsequently submitted when the conditions they introduced were not accepted by the association.

Officials of the association deny rumors to the effect that a number of other companies had also withdrawn. Outside sources state that although this may technically be correct, at least one other insurance group is on the verge of dropping out.

Highlights

Ontario's Finances

Province is keystone in credit arch of the Dominion. Will Hepburn act to strengthen it, or will repudiation acts precipitate a major crisis? Page 13

Mines Aid Railways

Canada's mineral industry supplies nearly a third of rail freight revenue. Page 22

Baker of F. N. Burt

Group management favored by E. G. Baker, next president of Moore Corporation, and directing head of fifteen industrial plants in Canada and U. S. Page 24

Store Renovation

Dominion Stores, Loblaw and Tamblyn prepare for better business with new faces and equipment. Page 15

C.N.R. Problems

Former directors urge higher rates and unification as solutions to railway question. Page 3

Investor's Index

INDUSTRIALS AND UTILITIES

Atl. Sugar	9	Int. Utilities	9, 18
B. C. Packers	21	Imp. Tob.	9
Bk. of Can.	4, 17	Imp. Life	4
Bell Tel.	9	Imperial Bank	2, 11
Bell 'Phone	18	Kootenay Pwr.	21
Brazilian	4	Loblaw's	15
Can. Vinegars	19	Lambton Trust	18
Can. Cement	4	Lambton Loan	18
Coast Brewer.	4, 19	Montreal Pwr.	1, 5
Can. Rail & H.	1	Moore Corp.	24
C. N. R.	3, 7	Mont. Telegraph	19
Can. Canners	9, 16	N. B. Power	21
Cons. Diversifd.	9	Neon Prod.	5
Can. Wire	9	National Trust	18
Can. Per. Mtge.	18	Nat. Grocers	21
Credit Foncier	17	Orange Crush.	19
de Havilland	4, 19	Ont. Equit.	1
Dom. Tar	9	Providence Ass.	14
Dom. Sq. Corp.	21	Power Corp.	9
Dom. Stores	4, 15	Provident Ass.	14
Dom. Oilcloth	19	Ruddy-Dukes	5
Dom. Fire	14	S'yer-Massey	4, 19
Eagle Star	14	Sun Life	5
Excelsior Life	14	Silverwood's	4
Electrolux	21	South. Can. Pwr.	1
Econ. Mut. Fire	14	St. James Court	5
Federal Truck	3	Trinidad El.	24
F. N. Burt	24	Travelers Ins.	14
Fan. Framer	9	T. Eaton Co.	15
Goderich El.	9	Toronto Mtge.	18
Gypsum	4, 9	Un. Fuel	9
G. Tamblyn	15	Victory Bldg.	5
Gen. Stl. Wares	15	W. Kootenay Pr.	5
Geo. Weston	4, 9, 21	West. Groc.	2
		York St. Bldg.	18

MINES AND OILS

Arntfield	22	McColl-F.	4
Br. Nickel Corp.	22	McIntyre	22
B. A. Oil	4	Meridian	22
Bidgood Kirk.	23	Newman Dick	22
Bousquet Gold	23	Nicola	23
Corless Pat.	23	N. W. Minerals	23
Coniagas	23	Pioneer	23
Coniaurum	23	Paymaster	23
Cons. Smelters	23	Phoenix Molyb.	23
Central Pat.	23	Robb.-Montbray	23
Cent. Man.	22	Royalite	4
Diana Gold	22	Siscoe	22
El Callao	22	Two Brothers	23
Gold Belt	22	Turner Val. Oil	23
Hudson-Pat.	22	Vimy	22
Isld. Mountn.	22	Wr.-Hargreaves.	23
J. M. Cons.	22	Waterways	23
Little L. Lac	22	Wayside	23
Minto Coal	18	Ymir Cons.	23
Marbuan	22		

QUOTATIONS

Stocks	20	Mines	20
Bonds	20	Grain	19
Foreign Exchange	17		

REGULAR FEATURES

Bond Markets	5
Banking	17
Construction	11
Dividends Declared	20
Editorial	6
Foreign Exchange	9
Grain	19
Investment Trends	4
Insurance	14
Investment Enquiries	9
Mining	22, 23
Municipal Finances	8
Week in Business	7

Coderre Named Manager Of Viau Biscuit Corp.

From Our Own Correspondent

MONTREAL.—Announcement is made of the appointment of F. J. Coderre as general manager of Viau Biscuit Corp. Mr. Coderre was formerly sales manager of the company.

Foresee 60 p.c. Cash on Bonds Rail Terminal

Can. Rail & Harbour Terminals Bonds Rise to 50

EARNINGS EQUAL 1934

Net Working Capital Reported Over $500,000 at End of 1935 — Sale Proceeding

Canadian Rail & Harbor Terminals bonds have been rising.

An advance to approximately 50 is largely attributed to the report that it is almost certain holders of the company's first mortgage bonds will get an offer of $60 in cash for every $100 face value of their securities.

The offer, suggested by well-informed quarters outside the company, may not be submitted on Jan. 24, when bids for the assets will be opened under the judicial sale procedure. It may come later.

Strong in Cash

The company's cash position is strong, but it has paid no first mortgage bond interest since Sept. 1, 1933. There are differences of opinion, however, as to just how much of the cash on hand belongs to first mortgage bondholders.

The working capital position at Oct. 31, 1935, was approximately as follows:

Working Capital at Oct. 31, 1935	$
Current Assets:	
Cash on hand and with trustee.	414,000
Various receivables	74,400
Inventories and prepaid exps...	16,000
Total	504,400
Current Liabilities:	
Accounts payable	1,988
Audit fees	100
Reserve for handling charges ..	7,500
Reserve for storage	7,630
Total	17,218
Net working capital	487,182

Some allowances for costs of the receivership have not yet been deducted in full. Earnings for the full 1935 year are approximately the same as those for 1934, when net operating earnings were $158,337.

Question of Ownership

As a result of earnings in the last two months of 1935, it is calculated that net working capital belonging to first mortgage bondholders may be approximately $450,000. This is nearly one-seventh of the first mortgage bond issue of $3.5 millions.

Included in the $487,000 of working capital at Oct. 31 is an amount of over $200,000 of cash deposited with the trustee for sinking fund purposes. The point in question with regard to this cash is how much of it belongs to sinking fund for first mortgage bonds and how much to sinking funds for general mortgage bonds and for debentures.

First Mortgage Fund

Supposing that net working capital had risen to $525,000 at the end of 1935, it appears that at least 60 per cent of this, or $315,000, applies to first mortgage bonds. If, however, all increase in net working capital since 1933 is the property of first mortgage bondholders, there may be $450,000 of liquid assets applicable to the first mortgage bonds.

The chief asset securing the first mortgage is company's terminal warehouse on a 14-acre site on the Toronto waterfront. The building is used for cold storage and has its own ice plant. The company has a 999-year lease from the Toronto Harbor Commissioners on 2,200 feet of concrete docks.

The fact that the property is in a good liquid position, and is showing net operating earnings, is given as the reason for expectations that an offer will be made to bondholders.

A development that may work adversely to the company is the suggestion that the Ontario Government may build a large cold storage plant in Toronto.

Judicial sale proceedings are expected at least to have the effect of setting a value on the property, probably equal to the value of the first mortgage bonds, and perhaps more.

The bonds were originally offered by White, Weld Co. and syndicate of New York in March 1926 at par and accrued interest.

SOUTH. CANADA PWR. ATTRACTS INDUSTRY

Power Company Reports Increased Interest by Manufacturers

From Our Own Correspondent

MONTREAL.—A marked increase in the number of enquiries having regard to the manufacturing possibilities in Southern Canada Power Co.'s territory, was very much in evidence during the last quarter in 1935, according to a report issued by the company to its shareholders. "This can be attributed in part," continued the letter, "to the fact of the federal election being over, as well as to a substantial improvement in general business conditions."

At Marieville a new industry, La Chapellerie Nationale, have begun operations. The Rouville Knitting Co., is expanding operations and increasing its power demand.

At St. Johns, the Schick Dry Shaver Inc. of Stamford, Conn., has its first unit already under construction and it is expected that others will be constructed. The Belding Corticelli Co., the Butterfield Co. and other industries are operating on a full-time basis.

MEN'S SHOP

CERTAINLY

EVERY man can look his best in a derby hat! For derby hats are no longer for the "favoured few." Today, at the Men's Shop, you will find the new derbys . . . "styled in proportion" to suit each type of face. Derby hats, each $5.00 and $7.00.

STYLE

The fedora features lower crown and wider brim . . . in a variety of shades and textures. "Eatonia" hats from the Men's Shop present the latest in style. And since they are made in both mixtures and plain felts, in a wide range of shapes and sizes, you are sure to find one to suit.

Eatonia Felts, each $4.50

Other Felt Hats, each, $3.50 to $8.00

MEN'S SHOP

BAY STREET SECTION

EATON'S-COLLEGE STREET

The Nation's Business

(Continued from page 1)

nounce abandonment of his compulsory debt conversion proposals.

* * *

UNLESS investor confidence in Ontario is restored, it will not be possible for the province to make the full savings in interest charges that would otherwise be possible. Already, the Hepburn policies have hurt the credit not only of Ontario but of other provinces and even of the Dominion.

The Ontario situation is outlined in a special article in this issue.

Ontario is today the keystone of the arch of Canadian credit. Mr. Hepburn can do a job of national importance in restoring credit and confidence or he can bring the whole structure tumbling down. Which is it to be?

* * *

Bankers As Expositors

IT IS likely that more people will read this year's addresses, delivered at the annual meetings of the Canadian banks, than at any time in recent years, simply because they are more readable.

Sidney H. Logan, general manager of the Canadian Bank of Commerce, made an earnest effort this week to explain money and the rôle of banks in creating it. He essayed a difficult task and achieved a large measure of success. If his exposition would not be understood by every working man it would be comprehensible at least to the average business man. This may seem faint praise but it is not intended as such for we feel that Mr. Logan has done a splendid thing in devoting his address to a subject on which the bankers have, in the past, spoken in language complex and mysterious.

John R. Lamb, president of the Bank of Toronto, likewise devoted a considerable portion of his address this week to attempting to make simple and obvious to the general public facts which have always been simple and obvious to professional bankers. Both in his address and in that of Harvey B. Henwood, general manager of the bank, there was a salty flavor of good humor that gave a human appeal to the comments made.

* * *

SIR NORMAN ANGELL recently drew the contrast between those who are experts in knowledge of certain facts and those who are experts in the exposition of those facts.

Canadian bankers are top-notch experts in banking and monetary knowledge. They are a little less comfortable in the rôle of expositors. All the more credit to them when they attempt a task of explanation that is difficult. And all the more credit when they make the case as readable and understandable as Mr. Logan and Mr. Lamb have made it.

SEE LITTLE EARLY USE OF LOAN COUNCIL PLAN OF REFUNDING BONDS

(Continued from page 1)

a Dominion compulsory conversion is entirely out of the question.

It is pointed out that a compulsory Dominion conversion at 3 per cent would net savings of $30,000,000. But more than half of this saving will be realized in the ordinary way during the next two years, when $700 millions of debt matures. These facts, it is claimed, reveal the compulsory conversion policy as nonsensical. From the standpoint of self interest, the gain could not possibly offset the loss.

Agreement on the loan council scheme, according to the official statement, provides:

1. To assist in refunding provincial debt, the Dominion will guarantee bonds of any province whose position makes refunding essential.

2. The Dominion would be protected against loss by pledge of the provincial subsidy and other specific revenues.

3. Any province must accept loan council approval of any refunding plan and of all future borrowings to get the Dominion guarantee for refunding.

4. For any province coming within the plan, there will be a loan council consisting of the provincial treasurer and the Dominion Minister of Finance, with the governor of the Bank of Canada as adviser.

5. Provinces whose position does not make refunding of present debt essential may obtain the Dominion guarantee on new borrowings only, if they so desire, by accepting loan council supervision of future borrowings.

6. The Dominion, however, should not pledge the national credit in support of any province without protection in the form of specific security or without power to act in the event of the province's default.

7. To co-ordinate financial and borrowing policies of governments, there will be a national finance council consisting of the Dominion Minister of Finance and treasurers of the nine provinces, with the governor of the Bank of Canada as adviser.

Amendment and Taxes

Further decisions are of far reaching importance. The Dominion has agreed to B.N.A. Act changes which will validate present provincial taxation on gasoline, amusements, and fuel oil. The provinces are also to be authorized by the constitution to impose a tax on retail sales (in contrast with the federal tax on manufacturers' sales). This is a new source of revenue to the provinces.

Joint collection of income taxes were authorized and study is to be given to the possibility of a unified administration of corporation taxes.

Obituary

Harris Ardiel, formerly manager of the Dominion Bank branch at Bloor and Sherbourne Sts., Toronto, prominent sportsman, and president of Windsor Motors Ltd., at Windsor. He was born in London, Ont., 48 years ago.

William Alfred Brodie, land, timber and mining broker, at Toronto.

D. McIntosh, insurance broker, organizer of the Pilot Insurance Co., at Toronto, in his 54th year.

James Edwin Angevine, member of the merchandising brokerage firm of Angevine and McLaughlin Ltd., of Saint John, N.B., at Montreal. He was born in 1874.

John Bolton, president of Standard Photo Engraving Co. Ltd., of Montreal, at the age of 63. He was a resident of Montreal, and a native of Bolton, Ont.

Capt. W. J. Robertson, Port Hope insurance man and prominent in Masonic circles, at Port Hope, in his 82nd year.

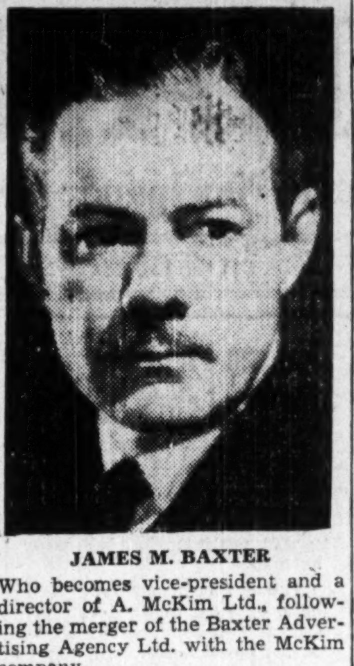
T. B. Robertson, chief editorial writer of The Winnipeg Free Press, at Winnipeg.

Reginald Scarfe, leading Brantford industrialist, suddenly in Brantford.

J. W. Sutherland, formerly associated with the Fairbanks Oil Co., and long identified with development of Ontario oil resources, at Oil Springs, Ont. He was 70.

Hon. Walter M. Lea, premier of Prince Edward Island, at Charlottetown. He was in his 62nd year.

Executive of A. McKim Ltd.



JAMES M. BAXTER

Who becomes vice-president and a director of A. McKim Ltd., following the merger of the Baxter Advertising Agency Ltd. with the McKim company.

IMPERIAL BANK MOVES OFFICES TO NEW BUILDING

Equipment is Last Word in Efficient Arrangement

Imperial Bank headquarters are now at King and Bay Streets, Toronto.

Moving was completed last weekend, and on Monday, Jan. 13, the head office staff, unworried by superstition, settled down to work in the new building. Although established more than 60 years ago, this is the first time the central offices have been shifted.

It is true that for a few months when it was first founded, head office was on Toronto St., but these were rented premises. The first office building was the Wellington St. building which the executive officers have just vacated.

The old building was in the centre of Toronto's financial district back in the days when the city hall was located at the St. Lawrence market.

Within a stone's throw from the building were the docks, the railway station and the court house. The building itself previously housed the Toronto Stock Exchange, the Produce Exchange and the Board of Trade. On the coping looking down on Wellington Street still stands in a state of good preservation one of the landmarks of old Toronto—a huge coat-of-arms done in stone. Underneath, cut into the stone in letters a foot high, is the word "Exchange."

Now, all is changed. The financial district has moved west and north. The new head office is at the juncture of the two streets where most of Toronto's financial business is transacted. A branch office will still be maintained on the first floor of the old building, but the remainder is for rent.

Moving Not Heavy

The moving process was not as tedious or heavy as expected. All old furniture was sold. Entirely new furnishings will grace the new headquarters.

Consequently all that had to be transferred were the records, securities and cash. Even these are considerably lighter in volume than a year ago because the creation of the Bank of Canada entailed the transfer of gold reserves to that institution. A considerable amount of trouble and risk which moving would have entailed was therefore avoided. Care was necessary, however, in shifting the old records. These give an itemized history of the bank since its inception in 1875.

Occupies Five Floors

The bank will occupy all but one of the six stories of the new building. As described in detail on page 11, the building is air-conditioned, temperature controlled, has unique lighting fixtures, cork floors, and sound absorbing ceiling. Walls in the general offices are painted a pale shade of green usually associated with school rooms. These blend with the green smocks now required as the costume of female employees. Male members of the staff wear navy blue silk jackets.

Another interesting part of the top floor is the incinerator booth. In a separate compartment, this last word in incinerators provides four cages in which old bills may be destroyed by gas fire On the heavy door, which is much like that of a safe, there are five keyholes, one for each of the three directors and two officers who are required to witness the destruction of the notes. The actual burning may be seen by means of a grill in the door.

The fifth floor offices have been rented, mostly to firms who have some connection with the bank. General offices, some with acoustical stone ceilings to absorb noise, are on the fourth and second floors. Sandwiched between these, on the third floor, are the executive offices.

Executive Offices

These are much more numerous than in the old building and every comfortable. Luxurious is the word to describe the general manager's office. In the north west corner of the building, with large windows fronting on both Bay and King streets, this oak-panelled office is fitted, in addition to a large mahogany desk, with three work desks, half a dozen green-upholstered chairs and a chesterfield to match. Other features are a large fireplace and a built-in safe.

Toronto branch, which moved to the new quarters at the beginning of the year, occupies the first floor. One of the innovations here is a special cage adjoining the call loan department in which the representative of the firm requiring a loan can lock himself and transact his business undisturbed by customers at the main wicket.

Newfoundland Editor Honored

C. E. A. Jeffery, editor of the St. John's "Evening Telegram" and Newfoundland correspondent of the London Times and the Canadian Press, was recently admitted to membership in the Order of the British Empire.

MONT. POWER EARNS $1.72 ON COMMON

(Continued from page 1)

in gross revenue is regarded as a good showing.

In the following comparative income account for the past two years (the returns for 1935 are preliminary) the feature is the sharp rise in taxation. Of the increase of $315,000 in taxes, some $250,000 represents a "voluntary" contribution to the City of Montreal treasury.

Comparative Income Account

	1935† $	1934 $
Gross earnings	24,042,327	24,273,719
Less expenses:		
Operating	8,162,319	8,136,688
Taxes	2,380,790	2,065,659
Depreciation	2,404,232	2,427,372
Net earnings	11,094,986	11,644,000
Fixed charges	3,347,201	3,658,782
Net profits	7,747,785	7,985,218
Less: Dividends	6,773,772	6,733,772
Pension fund	20,000	20,000
Extra deprec.	....	750,000
Surplus for year	954,013	481,446
Share earnings	$1.72	$1.78

† Preliminary estimate.

Reflect Bond Redemptions

Montreal Power's financial statement will not be made public until the last week of January. Meanwhile it is possible to forecast some changes that will be shown in the balance sheet.

Last September the company redeemed all of its outstanding Series B first mortgage and collateral trust bonds to the extent of $11,564,500. In the previous July its wholly-owned subsidiary—Montreal Public Service Corp.—called in the balance, $2,968,000, of its first mortgage bonds.

Around $15 millions was required to carry out these transactions, and as Montreal Power did not refund them, the balance sheet will reflect a shrinkage of an equal amount.

During the year subscribers to the customer-ownership campaign of 1930 paid in $359,950, bringing the amount of 3 per cent convertible debentures outstanding up to $26,823,550. There now remains only $21,626 owing to the company from the 1930 campaign.

Big Change This Year

The principal change in the company's financial position has taken place since the year-end and will not be reflected in the 1935 report. This refers to the calling in of the remainder of the first mortgage and collateral trust bonds. In all $27,615,000 of Series A bonds were called for redemption on April 1 next. They will be replaced by $5 millions of 2½ per cent. of short term bonds and $10 millions of 3½ per cent of 20-year bonds.

The cost to the company of this new money, including discount, averages 3.56 per cent during the life of the bonds.

Including the premium on the bonds called, the company will need around $14 millions in addition to the proceeds from the current bond issues, in order to pay off the old bonds on April 1.

It is understood that the company will call upon its own resources for the additional $14 millions and that no further financing is in mind.

Buy Short Terms

This money, it is believed, will be raised without any particular difficulty as, for some time, the company has been making plans for its refunding operations by switching some of its investments from long-term to short-term securities.

Help Common Stock

Consequent upon these refunding operations, it is anticipated that earnings on the common shares will be built up. While the liquidation of some investments to take care of the $42,147,500 redeemed or called since last July, will reduce income from investments, interest charges on the new money will be appreciably less. Nearly $28 millions will be required, in addition to the proceeds of the current financing, to carry out all the redemptions.

Offset Tax Charges

It is estimated that the saving in interest charges will run somewhere between $300,000 and $400,000 annually on the bonds retired or called in the last seven months.

What the taxes paid by Montreal Power have meant in lessening share earnings is seen in the following table:

	Taxes Paid $	Amount per share $
1929	1,416,967	0.35
1930	1,559,547*	0.32
1931	1,719,657	0.35
1932	1,771,523	0.36
1933	1,760,810	0.36
1934	2,065,659	0.46
1935	2,380,327	0.53

* Increase in share capital.

Western Grocers Ltd. Can Redeem Preferred

Over 80 per cent of preferred shareholders and over 90 per cent of common stock represented, recently approved modifications of provisions of the preferred shares of Western Grocers at a meeting in Winnipeg.

The modifications give the company the right to redeem all or part of the preference stock either by purchase in the open market at not exceeding $110 a share, or by call at $110 on 30 days notice.

Hodgson and Co. Publishes Annual Stock Review

From Our Own Correspondent

MONTREAL.—C. J. Hodgson & Co., members of the Montreal Stock Exchange and other markets, has published its annual statistical review on Canadian securities for 1935.

Weekly Bank Clearings

Weekly Bank Clearings

	Jan. 9 1936 $	Change year ago %	Jan. 2 1936 $
Halifax	2,771,640	+28.8	1,877,158
Saint John	1,844,830	+16.4	1,455,481
Moncton	753,971	+3.5	660,548
Sherbrooke	612,943	+7.1	585,351
Quebec	4,283,010	+21.1	4,053,549
Montreal	117,388,522	+21.1	84,157,751
Ottawa	25,350,899	+372.8	45,956,585
Kingston	702,114	+36.4	548,667
Peterborough	739,704	+33.7	676,354
Toronto	141,414,543	+20.5	106,215,406
Hamilton	6,107,631	+70.7	3,567,751
Kitchener	1,263,645	+29.9	1,160,642
Brantford	926,701	+30.9	912,112
London	4,644,410	+6.8	3,099,034
Chatham	475,634	+22.1	476,030
Windsor	2,730,379	+39.8	3,257,852
Sarnia	522,994	+34.0	358,906
Sudbury	730,367	+22.4	839,362
Fort William	634,922	+6.2	546,835
Winnipeg	102,380,090	+167.9	41,157,169
Brandon	283,583	—18.5	234,333
Regina	3,014,253	—8.9	3,322,187
Moose Jaw	613,345	+35.3	551,072
Saskatoon	1,539,885	+18.5	1,407,555
Prince Albert	410,442	+38.4	317,185
Edmonton	5,077,161	+2.7	3,778,763
Calgary	6,437,303	+28.0	5,205,130
Medicine Hat	303,388	+46.3	261,039
Lethbridge	421,725	+4.5	....
N. W'minster	577,010	+29.1	550,476
Vancouver	17,476,310	+15.9	17,340,433
Victoria	1,744,807	+10.5	1,179,835

A Financial gateway to the markets of the world.

BANK OF MONTREAL

Established 1817

MODERN, EFFICIENT BANKING SERVICE

. . . *the outcome of 118 years' successful operation* . . .

HEAD OFFICE MONTREAL

Custom Tailoring

. . . an Investment

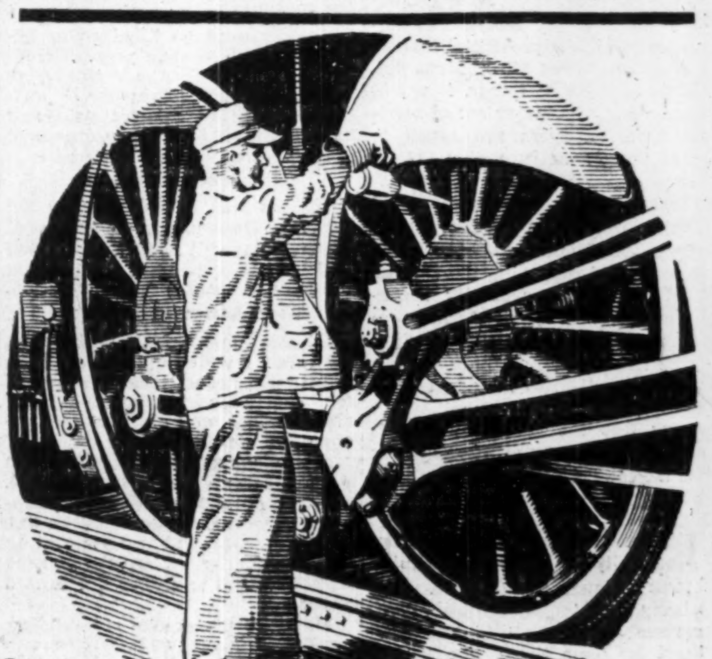
When you have your clothes custom-tailored at SIMPSON'S, you are not just "buying another suit". Rather, you are making an *investment* — an investment in thousands of hand stitches, in hours of expert tailoring performed by master craftsmen. As a result, you are buying many months of genuine comfort and lasting appearance . . . . that only superlative skill can create.

From now on, you are going to see more color in men's clothing. This trend is reflected in the range of distinctive woollens SIMPSON'S has imported from the Old Country . . . . now awaiting your selection in the Custom Tailoring Shop.

$60 to $85

The Store for Men — Second Floor

Simpson's



Credit as Required

Trade is vital to our national existence, and Credit is a first necessity. Credit lubricates the machinery of Trade, and keeps it running smoothly. A large percentage of The Dominion Bank's resources is always reserved for Credits to stimulate agriculture, industry, and sound trading, domestic and foreign.

301

THE DOMINION BANK

ESTABLISHED 1871

C. H. CARLISLE, *President* — DUDLEY DAWSON, *General Manager*

Paid Up Capital $7,000,000

Reserve Fund and Undivided Profits $7,540,000

New Issue

$3,000,000

The Wabasso Cotton Company, Limited

First Mortgage 3½%, 4% and 4½% Bonds Series "A"

To be dated February 1st, 1936 — To mature February 1st, 1937—1948 and 1951

Principal and half-yearly interest (February 1st and August 1st) payable at the holder's option in lawful money of Canada at The Royal Bank of Canada in Montreal and Toronto. Coupon bonds in denominations of $1,000 and $500 registerable as to principal. Fully registered bonds in denominations of $1,000 and authorized multiples thereof. Coupon bonds and fully registered bonds interchangeable as provided in the Trust Deed. Redeemable at the option of the Company at any time prior to maturity at 100 for the 3½% bonds, at 101 for the 4% bonds, and at 102 for the 4½% bonds, plus in each case accrued interest to the date of redemption. The 4½% bonds, due 1951, will be secured by two sinking fund payments, each of $200,000 (payable in cash or in bonds as will be provided in the Trust Deed) to be made respectively during the thirteenth and fourteenth years of the term of such bonds.

Trustee: National Trust Company Limited, Montreal.

In the opinion of counsel, these bonds will be a legal investment for Insurance Companies under the Canadian and British Insurance Companies' Act, 1932.

Schedule of Maturities

Due February 1st	Amount	Coupon	Price	Yield
1937	$150,000	3½%	99.51	4.00%
1938	150,000	3½%	99.05	4.00%
1939	150,000	3½%	98.60	4.00%
1940	150,000	3½%	98.17	4.00%
1941	175,000	4%	100.00	4.00%
1942	175,000	4%	100.00	4.00%
1943	175,000	4%	99.40	4.10%
1944	175,000	4%	98.65	4.20%
1945	175,000	4%	97.78	4.30%
1946	175,000	4%	96.79	4.40%
1947	175,000	4%	95.70	4.50%
1948	175,000	4%	95.40	4.50%
1951	1,000,000	4½%	98.93	4.60%

We offer these bonds (against payment on delivery) subject to prior sale, if, as and when issued and accepted by us and subject to approval of our counsel, Messrs. Brown, Montgomery & McMichael, Montreal, at the above prices and accrued interest

It is expected that interim bonds or trustees' interim certificates will be available for delivery on or about February 1st, 1936.

A prospectus, a copy of which has been filed under the provisions of the Companies' Act, 1934, will be promptly furnished on request.

Wood, Gundy & Company Limited

36 King Street West, Toronto

TELEPHONE: ELGIN 4321

Toronto, Montreal, Winnipeg, London, Eng. — Ottawa, Hamilton, Vancouver, London, Ont.

Rate Jump, Unity Plan Urged as C. N. R. Cures

Former Canadian National Directors Offer Solutions

A Toronto business man, who was a director of the Canadian National Railways prior to the appointment of the Trustee Board, expresses the opinion that joint management of the C.N.R. and the Canadian Pacific is the "real solution of the railway problem."

In reply to a query from The Financial Post, he said:

"In my opinion, the real solution of the railway problem is to place the two railways under joint management and pool the earnings on an agreed basis. Any attempt to merge the capital structure would present many difficulties, and is unnecessary.

"To protect the public from excessive charges, the regulation of rates should be put under the supervision of the Railway Commission.

No Drastic Staff Cut

"The reorganization would necessarily be gradual. Therefore, no immediate drastic cut in active staff would occur, particularly as the mortuary and pension list amounts to a large percentage yearly.

"It should be remembered that the whole transportation problem has changed since the prosperous days of 1929. Air and truck transportation has grown to such an extent that, with the return of prosperity, the railroads would still have great difficulty in making satisfactory earnings, even with the economies effected by joint management. To continue to operate separately would be fatal, not only to the railways, but to the finances of the country."

Question of Management

One of the former directors from Quebec province declines to be drawn into public controversy as to the best possible scheme of control for the Canadian National Railways. But he makes this pungent observation:

"The question is not so much one of the administrative machinery used for the purpose of control, as the manner in which the machinery itself is used. My personal experience in the past has been that different forms of administration use the same type of machinery in entirely different manners and with entirely different results, from which it follows that one has to very carefully consider not only the machinery which is to be used for administrative purposes, but the administrative personnel which is to use that machinery."

Confidence in Howe

He adds a word of tribute to the new Minister of Transportation:

"Hon. C. D. Howe, as you probably know, is a man who has had a very wide and varied experience in business affairs throughout the Dominion of Canada. I believe he knows Canada and the conditions obtaining therein as thoroughly as any other man in the Dominion. He has a background of engineering experience which, to say the least, is unique, and I feel sure that he will bring to bear upon the problem of the Canadian National Railways a very sound judgment."

Stresses Higher Rates

That upward revision of Canadian freight rates is needed is the contention of a maritime province ex-director. His views on the question of control of the railway and other matters follow:

"When I was on the board, the Minister of Railways was represented, at all meetings, by his deputy. It might be arranged that Mr. Smart, the present deputy, could assist Mr. Hungerford, the able president. In that way the government would be fully informed on railway transportation matters.

"I have read and thought well of the statements Judge Fullerton has sent to the press. The real management of the railway is, I judge, in the hands of the president and vice-presidents. A director from each province, if in active business in a large way, might be helpful to the management.

Freight Rates Problem

"What must be done now, and what should have been done long ago, is to increase railway freight and passenger rates to give both railways the money they need.

"In his railway report December 31, 1923, the late Sir Henry Thornton referred to rate reductions and stated that 'railway rates in Canada are and have been for many years the lowest in the world' and he warned that 'restricted net earnings must inevitably mean additional taxes to provide for annual deficits.' Again in his report December, 1926, he referred to the same subject."

"It will be noted that Sir Henry had no other plan to offer to solve the railway problem than additional charges on freight carried. He put this proposition before the governments in his several reports. The governments did not act and the railway had no authority to act.

Would Mean $30 Millions

"The C.N.R. collected in 1926 approximately $250 millions in freight and passenger receipts. An advance in rates, all round, of 12 per cent would give the C.N.R. $30 millions additional money.

"But to make changes in railway freight schedules upward is a matter of much difficulty and can only be undertaken by the railway experts of the C.N.R. and C.P.R." Further views of ex-C.N.R. directors on the railway problem will appear in later issues.

C. N. R.'s Future

What should Canada do about the Canadian National Railways? Nearly everyone has an opinion. The Financial Post in a series of articles, of which this is the second, is presenting the views of a group of men who have had a particularly intimate connection with the line. They are ex-directors, most of them men who served during the Thornton régime.

Canners to Taboo Price Agreement

Price agreement by canners is taboo in the future, judging by tone of discussion at the joint convention of canners from Ontario and Quebec.

The new National Canners Association of Canada will take up with the federal and other governments problems of the industry caused by taxes and tariffs but many members frankly state they do not believe in and will not abide by any price arrangements.

All agree on the advisability of getting quick and accurate statistics as to production and carryover. Some members indicate their intention to pack all the tomatoes they can in 1936.

The carryover situation is now sound, said one packer, "by act of God." He added that canners always claim that they lose money on tomatoes but they never hesitate to go into the market and sell for less. He hoped the severe lesson of recent years had been learned.

Light Weight Truck Announced By Federal

Federal Truck Co. of Canada have announced their new lightweight truck with four-cylinder engine now in production at Windsor. The truck is a ¾-1 ton model, designed specifically for bakers, dry cleaners, laundrymen, butter and egg dealers, and others with light bulky loads.

Price of the truck is $700 f.o.b. Windsor, for the standard 120-in. wheel base chassis with standard equipment. Two other wheel base lengths (143 in. and 152 in.) are available at higher prices. Gross capacity of the truck is 7,500 lb. Two cab styles are offered— one a standard cab with one piece sloping windshield and a de luxe cab with V-type windshield.

Saving the Gullible

Godfrey, Successor to Moses as Securities Commissioner, Recovers $850,000 from Boiler Room Operators for Ontario Investors

Moses was the first securities commissioner.

There was more than jocularity in this claim made by John M. Godfrey, K.C., securities commissioner for Ontario, before a recent convention of securities commissioners from all parts of the United States and Canada. The doctrine of "caveat emptor" (let the buyer beware) is the basis of English law, but "Caveat vendor" (let the seller beware) is the basic principle behind the administration of the Securities Exchange Commission in the United States. It is behind all efforts to protect the investor. It is as old a principle as the other and was first adopted in the Mosaic and Talmudic codes.

The general principle was laid down in Leviticus thus:

"If thou sellest aught unto thy neighbor or buyest aught of thy neighbor's hand, ye shall not oppress one another."

Dumb Falsehood Recognized

Even the English conception had been substantially modified in the case of Rex versus Kilsant, said Mr. Godfrey. For his failure to make full disclosure of pertinent facts in a prospectus Lord Kilsant served one year in jail. That conviction showed that it was not enough to have a prospectus literally true. Failure to give information which a shareholder should know made a prospectus false. United States decisions had also established clearly the importance of "Let the seller beware."

Mr. Godfrey told the convention that up to date restitution had been secured of a total of $850,000 as a result of hundreds of investigations made by the Commission of Ontario's 44 Crown attorneys. The Department and the Crown attorneys had been flooded with complaints as a result of advertisements telling the public that the Crown attorneys would act with the commission in considering any case brought before them.

Mr. Godfrey described to his scores of fellow commissioners the methods by which the commission in Ontario cleared out the boiler rooms, the denizens of the financial underworld, high pressure telephone and house to house stock salesmanship, the flood of misleading advertising literature, the sale of oil royalties and interests on exaggerated claims and the sale of fake whisky warehouse receipts. Full publicity has been given in The Financial Post to these features of Mr. Godfrey's tenure of office. Some instances of how great this evil had become are interesting, however.

How Boiler Rooms Operated

One story was of a brokerage house which had in two months a long distance telephone bill of $16,000. The books were seized and showed that they paid a prospector $400 for staking 12 undeveloped mining claims. This $400 investment in claims was turned over to a $3 millions company formed for the purpose. The company gave 1,500,000 shares for the claims. When the commission stopped it, the vendors had been able to sell 600,000 of these vendors' shares for $192,000 by high pressure advertising and by a boiler room of 23 telephones. The racketeers immediately scattered to every point of the compass but mainly South.

One such boiler room sent a long distance telephone message to a farm north of Winnipeg in Manitoba, 1,800 miles away. The alleged president of a high-sounding financial house wanted to speak to Mr. Smith, a farm laborer who had some good securities. Mr. Smith was at the other end of the farm but the "president" insisted it was a matter of thousands of dollars to Mr. Smith. He held the telephone open on that expensive line for 40 minutes. Mr. Smith was so impressed that he sent his securities to Toronto and got worthless paper in exchange.

Whisky Receipts

The commission stopped sale of whisky warehouse receipts by a brokerage house. It found out that the house was a "front" for Charles Beadon, a notorious international swindler now serving a term in a United States prison. There was not a pint of whisky in the New Jersey warehouse which the receipts were supposed to cover.

Surprise audits of brokers who were not members of exchanges and of security issuers had shown a clean situation. Only a few registrations of brokers had been cancelled because they were too weak financially to undertake responsibilities toward the public. There were only a few cancellations of licenses of security issuers who were raising money for mining development and very little of the money was getting to the property.

Mr. Godfrey stated there was the closest co-operation with the Securities and Exchange Commission at Washington and that he was ready to co-operate with any or all 47 state security commissions in the United States.

English Building Expansion Said Major Recovery Factor

One of the most important post-war influences leading to industrial recovery in Great Britain has been the remarkable rise in home construction, sponsored chiefly by building societies.

According to J. M. Pigott, Hamilton builder, and Canadian observers familiar with building conditions in England, the English building revival has been one of the most important driving forces for general recovery.

At the end of the war there were about two or three hundred building societies in existence. The number increased rapidly, however, when it was realized that holders of debentures and certain other securities of these building societies were exempt from income tax on their investments.

Investors with surplus funds, anxious to escape the burdensome income taxation in post-war England, turned to the building societies as an investment channel. The societies became "stuffed with money" according to one Canadian observer who has studied the situation in England, and the number of building societies soared to between 11 and 12 hundred.

After building nearly two million houses in Great Britain, the chief problem of the building societies is now that of finding a profitable investment channel for funds which are still excessive, it is said.

Discussion of the possibility of adapting the English system for use in Canada reveals that conditions in England and Canada differ too greatly to permit adaptation of the scheme here in anything like its present form overseas. The stimulus afforded by building to the general recovery trend in English industry is regarded as a significant index of what may take place in the event of a sustained construction revival in the Dominion.

TOO MUCH MONEY . . .

is sometimes just as much of a handicap as not enough. Take the case (which arose in another community) of a daughter whose father left his entire estate to her inexperienced care: knowing little about finance, or even the value of money, she was a prey to questionable investment schemes and the advice of well-meaning friends and relatives. The result was loss and dissipation of her legacy.

By properly safeguarding her funds through trust methods, her father could have protected her from her own lack of knowledge . . . and safeguarded his estate for her future comfort.

May we explain this and other phases of our trust work at your convenience?

Crown Trust Company
EXECUTORS TRUSTEES — FINANCIAL AGENTS
393 St. James Street West - Montreal

The Financial Post BUSINESS YEAR BOOK for 1936 is without question the most complete and comprehensive analysis of the trade and commerce of Canada and Newfoundland yet published, including a complete breakdown of buying power and other factors of the Canadian market. Order your copy now.

National Trust Company
Limited

Balance Sheet, 31st December, 1935

ASSETS

CAPITAL ACCOUNT:			
Office Premises and Safe Deposit Vaults at Toronto, Montreal, Hamilton, Winnipeg, Saskatoon and Edmonton		$1,006,114.30	
Real Estate held for sale under mortgage foreclosure		1,657,217.33	
Rents due and accrued		3,529.68	
Mortgages and Agreements for Sale:			
Principal	$2,593,405.85		
Interest due and accrued	121,269.63		
		$2,714,675.48	
Loans on Bonds and Stocks		38,158.55	
Securities:			
Provinces of Canada	$105,000.00		
Other Bonds and Debentures	100,954.92		
Interest accrued	1,251.93		
		$207,206.85	
Stocks		562,562.12	
Advances to Estates, Trusts and Agencies		163,778.69	
Cash on Hand and in Banks		143,580.17	
			$6,496,823.17
GUARANTEED TRUST ACCOUNT:			
Mortgages:			
Principal	$10,718,894.50		
Interest due and accrued	508,691.30		
		$11,227,585.80	
Loans on Bonds and Stocks		118,987.52	
Securities:			
Dominion of Canada and Provinces of Canada	$4,366,161.39		
Canadian Municipalities	2,271,137.51		
Other Bonds and Debentures	1,273,407.37		
Interest accrued	83,322.75		
		$7,994,029.02	
Stocks		511,537.25	
Cash on Hand and in Banks		2,476,934.95	
			$22,329,074.54
ESTATES, TRUSTS AND AGENCY ACCOUNT:			
Funds and Investments		$244,142,349.03	
			$244,142,349.03
			$272,968,246.74

LIABILITIES

CAPITAL ACCOUNT:			
Capital Stock, subscribed and fully paid	$3,000,000.00		
Reserve Fund	3,000,000.00		
		$6,000,000.00	
Dividend No. 144, payable January 2, 1936		60,000.00	
Reserve for Dominion Income Tax		57,451.65	
Profit and Loss		379,371.52	
			$6,496,823.17
GUARANTEED TRUST ACCOUNT:			
Trust Deposits		$18,071,802.39	
Guaranteed Trust Certificates		4,257,272.15	
			$22,329,074.54
ESTATES, TRUSTS AND AGENCY ACCOUNT:			
Estates, Trusts and Agencies		$243,978,570.34	
Due to Company for Advances to Estates, Trusts and Agencies		163,778.69	
			$244,142,349.03
			$272,968,246.74

PROFIT AND LOSS ACCOUNT
For Year Ending 31st December, 1935

Balance 31st December, 1934	$358,586.19
Net Profits for the year after deducting cost of Management, Directors' and Auditors' Fees, Contingencies, etc.	353,865.15
	$712,451.34
APPROPRIATED AS FOLLOWS:	
Quarterly Dividends: Nos. 141 to 144, inclusive, at the rate of 8% per annum	$240,000.00
To provide for Dominion, Provincial and Municipal Taxes other than taxes on Real Estate	93,079.82
Balance Carried Forward	379,371.52
	$712,451.34

BOARD OF DIRECTORS:

Chairman of the Board: Sir Joseph Flavelle, Bart.

President: W. E. Rundle

Vice-Presidents: E. R. Wood, Herbert C. Cox, Leighton McCarthy, K.C.
The Right Honourable Sir Thomas White, G.C.M.G.

H. B. Walker
H. J. Fuller
W. M. Birks
E. M. Saunders
Sir John Aird
Miller Lash, K.C.
A. McT. Campbell
George W. Allan, K.C.
Edward FitzGerald

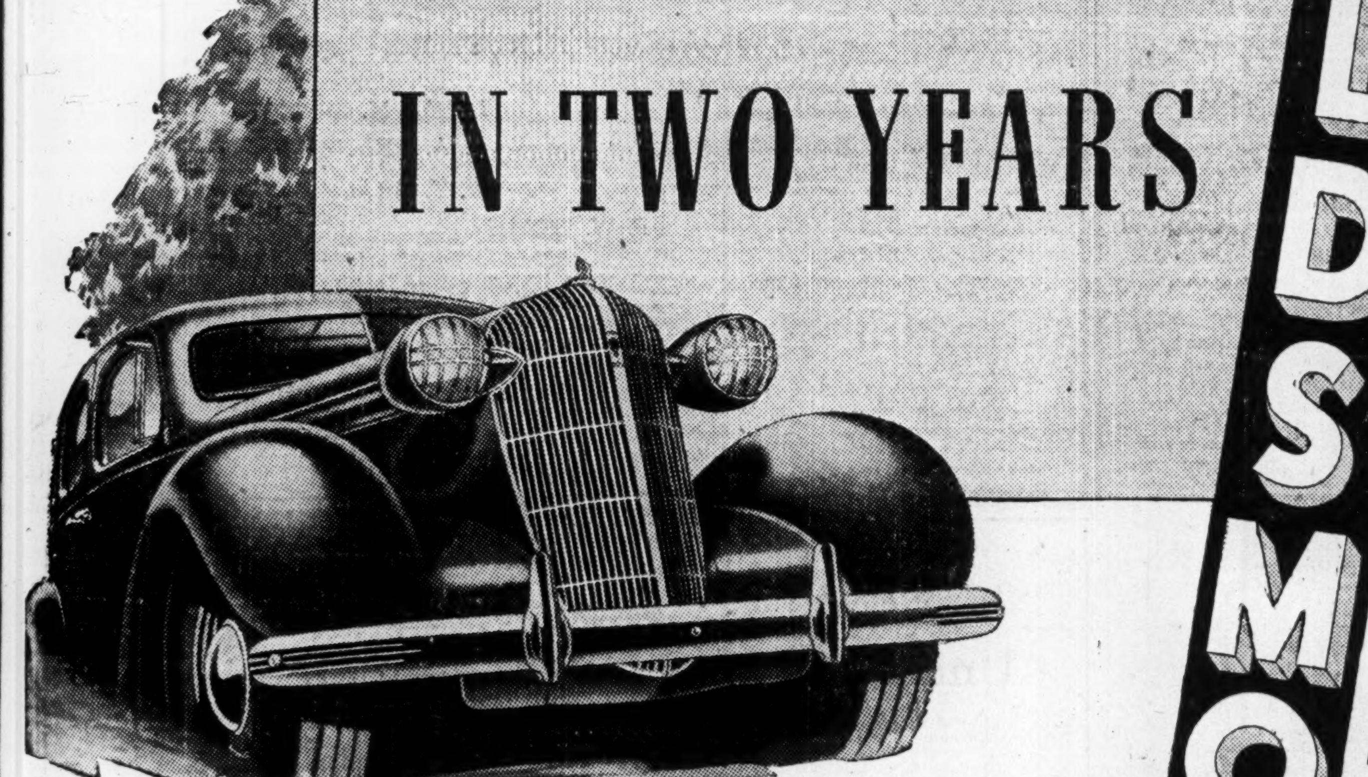
Carl Riordon
W. H. McWilliams
George W. McLaughlin
W. G. Morrow
F. F. Dalley
Thomas C. Haslett, K.C.
D'Arcy Martin, K.C.
C. S. Wilcox
Walter Molson
William Leggat

James A. Richardson
J. A. McLeod
G. A. Morrow
G. H. Levy, K.C.
A. N. Mitchell
The Honourable Frank P. O'Connor
E. G. Long, K.C.
Aimé Geoffrion, K.C.

J. M. Macdonnell, *General Manager*

A copy of the Proceedings at the Annual Meeting of Shareholders will be mailed, when available, to those requesting it.

SALES UP 500% IN TWO YEARS



OLDSMOBILE

Everything for SAFETY
SOLID STEEL TURRET TOP BODY BY FISHER • SUPER-HYDRAULIC BRAKES • SAFETY GLASS THROUGHOUT • HAND BRAKE ON THE DASH • CENTER CONTROL STEERING • MULTI-BEAM HEADLAMPS

Everything for COMFORT
KNEE-ACTION WHEELS • RIDE STABILIZER • HYDRAULIC SHOCK ABSORBERS • FISHER NO-DRAFT VENTILATION • ROOMY LUXURIOUS INTERIORS • ADJUSTABLE DRIVER'S SEAT • ENCLOSED LUGGAGE COMPARTMENT

Everything for PERFORMANCE
90 AND 100 H.P. L-HEAD ENGINES • LIGHT-WEIGHT ANOLITE PISTONS • BUILT-IN AUTOMATIC CHOKE • FULL PRESSURE OILING SYSTEM • HIGH COMPRESSION CYLINDER HEAD • ADVANCED DOWN DRAFT CARBURETION • AIR CLEANER AND SILENCER

Everything for DEPENDABILITY
X-TYPE FRAME, STRONG AND RIGID • RUBBER CUSHIONED ENGINE SUSPENSION • HEAVY COUNTERWEIGHTED CRANKSHAFT • RUGGED SEMI-FLOATING REAR AXLE • STABILIZED FRONT END • SOLID STEEL BODY CONSTRUCTION

...and Oldsmobile still leads as

THE BIG NEW CAR THAT HAS EVERYTHING

HERE is convincing proof that Oldsmobile is giving the Style and Performance — Comfort and Safety—Value and Economy—that Canadian motorists want.

1. Canada bought six times as many Oldsmobiles last year as in 1933.
2. Oldsmobile has climbed from 9th to 5th place in volume of sales.
3. Sales of the 1936 Oldsmobile are today soaring to new records.

Now is the time to get acquainted with Oldsmobile—"The Car That Has Everything". You'll see a fresh new version of that widely popular Oldsmobile style, which is talked about so favorably everywhere. You'll find that Oldsmobile incorporates every modern fine-car feature. And, behind the wheel of a 90 H.P. Six or a 100 H.P. Straight Eight, you'll experience new luxurious riding comfort—new exhilarating performance — and new safety.

• • •

Compare Oldsmobile's new low delivered prices . . . and the 7% GMAC Canadian plan which offers greatly reduced time payments.

Consider the Company Back of the Car
GENERAL MOTORS PRODUCTS

PRICED FROM $1065 (6-cyl. Coupe) delivered, fully equipped at factory, Oshawa. Freight and Government Registration Fee only extra.
8-cylinder models begin at $1298 at Factory, Oshawa.

O-40

Investment Trends —

Firm Stocks Attributed to Scarcity
Low Yields Strengthen Stocks

Apprehension over finances of governments is viewed as a major interference with further business recovery.

Despite adverse publicity on Canadian governmental finances, American money continues to come in.

Recent strength of stock prices is attributed not so much to continued improvement of business as to accumulation of funds for investment without a corresponding expansion of the volume of securities.

European investors who have been putting money into the United States are also viewing Canada as an interesting field for investment. British money, however, is still concerned over political agitations against creditor interests here.

Prospects for private building this spring are considered better than in 1935.

Pattern of Prices

INDUSTRIAL share averages have been making new highs for 1935-36 in both Toronto and Montreal. This is a divergence from New York. On Wall Street, railway stocks have been making new highs, but industrials have lagged recently. If New York industrials follow the lead of the rail shares, chart readers would expect a further broad temporary advance to follow.

The fact that prices are near their peaks of the past 12 months leads the seers to the belief that there is less scope for early improvement than there was in 1935. Looking forward a year or two, investment advisers express confidence in recovery of business and in share prices. For the next few months, however, they have doubts.

Further extensive increases in prices would be looked upon as forerunners of a temporary slump.

Common stock prices as measured by Dominion Bureau indices are now complete for 1935, as charted above. The 1935 advance has been carried into January with vigor. The average is now about 23.5 per cent above the level a year ago.

* * *

Bank Share Prospects

WHILE the downward trend of bank earnings appears to have halted, S. G. Dobson, general manager of The Royal Bank of Canada, sees no immediate prospect of an improvement in earnings.

At the bank's recent annual meeting, he pointed to the advantage of lower interest rates in government refunding operations, and as a stimulus to business recovery. He added, however:

"The existing situation presents a serious problem for banks and other financial institutions. Even with continued business recovery, I cannot foresee any immediate prospect of a substantial improvement in earnings so long as surplus cash reserves exert a depressing effect on interest rates."

Holders and purchasers of bank shares can look with hope toward maintenance of present dividends, but cannot expect increases. Meanwhile, maintenance of low yields on gilt-edged securities should help to keep bank shares firm because of the comparatively satisfactory returns on present prices.

* * *

Yields and Prices

YIELDS on high-quality, dividend-paying common shares vary from about three to six per cent at present.

For investment purposes, returns do not compare unfavorably with first quality government bonds on which returns run from three to four per cent.

Consider the contrast with 1929. Then, Dominion bonds yielded 5½ per cent and many stocks were selling at levels to return only one to three per cent.

With business recovery in process, even though it be irregular, prices of highly regarded shares can be expected to fluctuate with some relation to interest rates on government bonds.

* * *

Fears of Speculation

JAMES M. LANDIS, chairman of the U.S. Securities and Exchange Commission, stated recently:

"Evidences already apparent indicate a likelihood of market activity upon a considerably larger scale than was the case during the past year. Various observers are indeed fearful of the tendency that may develop in such a market unless its characteristics are adequately controlled."

The fact is that the get-rich-quicks are looking forward eagerly to activity and boom conditions in stock markets within a few years. More responsible observers anticipate the same thing with apprehension The significant point is that both classes expect the same thing.

* * *

Fields For Improvement

MONTHLY commercial letter of The Canadian Bank of Commerce observes:

"Lumbering, heavy or investment industries (including construction) and foreign trade (with which is associated transportation) must be looked to as offering the best opportunities for a further increase in employment......All three present the most favorable appearance and, correspondingly the best employment prospects in four or five years."

If the prospects become realities, shareholders as well as employees in the industries mentioned should benefit. Among the shares that would be concerned must be numbered C.P.R., Dominion Bridge, Foundation Co., Building Products, National Steel Car.

INVESTMENT SUGGESTIONS

Governments

	Interest Rate	Maturity	Price	Yield
Dominion of Canada.......	4%	1943-45	106½	3.06%
Dominion of Canada.......	3%	1950-55	98¾	3.08%
Dominion of Canada.......	4½%	1949-59	108½	3.72%
Canadian National Railways.	3%	1945-50	99	3.08%
Canadian National Railways.	4½%	1951	112	3.51%
Province of Nova Scotia....	3%	1950	97½	3.22%
Province of Nova Scotia.... (Guar. N.S. Exhibition)	3½%	1956-60	100	3.50%
Province of New Brunswick.	4%	1954	102¾	3.80%
Province of Ontario........	4½%	1965	109	3.97%
Province of Manitoba......	4½%	1956	102½	4.32%

Public Utility

	Interest Rate	Maturity	Price	Yield
B.C. Power Corporation....	5½%	1960	106.00	5.07%
B.C. Power Corporation....	5%	1960	104.50	4.68%
Canada Nor. Power Corp...	5%	1953	104.50	4.62%
*Canadian Pacific Rly. Co..	4%	1949	100.50	3.95%
Gatineau Power Co.........	5%	1956	94.75	5.42%
Gatineau Power Co. "A"...	6%	1941	87.00	9.02%
Gatineau Power Co. "B"...	6%	1941	86.50	8.98%
Montreal Tramways Co.....	5%	1941	104.50	4.15%
Montreal Tramways Co.....	5%	1955	88.00	6.06%
Northwestern Utilities......	7-6%	1938-49	102.00	6.21%
Power Corp. of Canada.....	4½%	1959	94.50	4.90%
Shawinigan Water & Power.	4½%	1970	103.50	4.30%
Shawinigan Water & Power.	5%	1970	107.50	4.57%
Southern Canada Power Co..	5%	1955	106.25	4.52%
Union Gas Co. of Can. Ltd...	4½%	1950	98.00	4.68%

Industrial

	Interest Rate	Maturity	Price	Yield
Eastern Dairies Limited....	6%	1949	86.00	7.68%
Dominion Coal Co.........	6%	1955	97.00	6.27%
Int. Power & Paper of Nfld.	5%	1968	104.50	4.72%
Kingston Elevator Co......	6%	1950	96.00	6.43%
McColl-Frontenac Oil Co....	6%	1949	106.65	5.32%

Preferred Stocks

	Interest Rate	Maturity	Price	Yield
Canada Northern Power Co.	7%	....	Market	6.42%
†Int. Bronze Powders......	6%	....	Market	5.56%
McColl-Frontenac Oil Co....	6%	....	Market	5.97%
Power Corp. of Canada (1st).	6%	....	99.00	6.06%
Power Corp. of Canada (2nd).	6%	....	45.00	6.66%
Southern Canada Power Co..	6%	....	Market	6.00%

*Convertible. †Participating.

The above offerings are subject to prior sale and change in price, and prices are plus accrued interest.

NESBITT, THOMSON
and Company Limited
355 St. James Street West, Montreal

Branches in all the principal cities of Canada

234

IMPERIAL LIFE DIVIDENDS RISE BY 27 PER CENT

Policyholders Benefit from Improved Position—New Business Lower

Announcement of a 27 per cent increase in the scale of dividends to policyholders featured the annual meeting of Imperial Life Assurance Co. at Toronto this week.

The announcement was made by G. A. Morrow, president of the company, who reported that during 1935 the company was able to carry security values at an amount well within market value; that policy and annuity liabilities were computed on a basis $900,000 greater than necessary to meet government requirements; and that in addition to a contingency fund of $1 million the company had increased free surplus by $655,000 to $4,159,000.

New Business Lower

New business issued by the company was eight per cent lower than in 1934, while business in force showed a slight gain at $279.3 millions.

According to managing director J. F. Weston a feature of the year's underwriting was the swing toward participating business.

Mr. Weston stated that fully participating business had increased to 69 per cent of total sales compared with 58 per cent in the previous year. Modified participating business accounted for 21 per cent of the total against 30 per cent a year ago while non-par business was but 10 per cent compared with 12 per cent in 1934.

Assets Now $75 Millions

Total assets show an increase of nearly $4 millions to top the $75 millions mark. Mortgage loans comprise 18.3 per cent of total assets, and bonds and debentures 52.3 per cent. Policy loans show a marked decline to 18.5 per cent of total assets.

Interest earnings for the year were 4.86 per cent compared with 5.31 per cent in 1934.

Policy Payments Drop

With income at approximately the 1934 level the company reported sharply lower payments on account of policyholders. The latter trend was attributed to a further improvement in mortality and lower surrender payments to policyholders. Thus net surplus earnings for the year were slightly higher at $2,553,000, making possible a further increase in free surplus to policyholders over and above paid-in capital and other reserves.

Comparative figures follow:

	1935 $	1934 $
New Business, Etc.		
Ins. issued	24,014,147	26,131,867
Ins. revived	1,434,428	1,849,861
Bus. in force	279,338,894	278,934,599
Income & Disbursements		
Prem. income	9,841,805	9,828,321
Int. rents, etc. ...	3,440,978	3,425,757
Policy payments ..	7,147,331	8,022,045
Asset revaluation approp.	492,932	609,767
Assets, Reserves, Etc.		
Mortgages	13,146,580	13,996,132
Bonds & Debs. ...	37,654,278	33,444,025
Policy Loans	13,356,382	14,008,202
Total assets	75,163,593	71,357,449
Policy reserves ...	61,675,784	59,368,744
Conting. reserve ..	1,000,000	1,000,000
Surplus	4,159,152	3,503,599
Int. earned	4.86%	5.31%
Net surp. earnings*	2,553,434	2,532,425

*Before revaluation of securities.

Shareholders Are Asked To Approve New Set-Up Of Silverwood's Capital

Payment of Subsidiaries' Mortgages and Bonds Provided as Part of Far-reaching Reorganization Plan

UNIFICATION OF 25 COMPANIES INVOLVED

Silverwood's Dairies, Ltd., will present to shareholders on February 6 a plan of reorganization.

The parent company and 24 subsidiaries by this plan will be consolidated in one operating unit to be known as Silverwood Dairies Ltd.

The payment of underlying mortgages and bonds will be accomplished by means of selling $1.2 millions of first mortgage serial bonds of the consolidated company. That will give, it is estimated, $300,000 working capital also.

Present shareholders are asked to exchange for other securities which give less return on paper, but which are stated by the directors and management to be closer to the realities of the company's situation.

The proposed reorganization of capital would result in the following changes:

Present Capitalization
(As at March 30, 1935)

6% 10-yr. collateral trust conv. sink. fund deb., Series A due 1942	$584,702
7% pref. cum. conv. $100 par ...	$2,913,500
Class A or ord. shs. no par	151,390
No par common shares	25,000

Proposed Capitalization

	Authorized	Issued
1st closed and refund. serial mtge. bonds due 1951	$1,500,000	$1,200,000‡
6% s.f. deb. due April 1, 1966, red. or call. at par on 60 days' notice $50 par	1,450,000	1,450,000
145,000 Class A no par preference‡‡	$725,000	$725,000
No par common shs.	1,000,000	176,390

‡Of this amount $551,300 is to be issued to holders of present 6 per cent debentures, $303,625 to be pledged with trustees as further security for present 6 per cent debentures and $345,075 to be held in escrow against mortgages payable and bonds of subsidiaries in the hands of the public.

‡‡Entitled to a cumulative annual dividend of 40 cents a share and after 40 cents a share is paid on common participating equally with common in further dividends. Redeemable at $15 a share and having priority of $13 in liquidation. Apparently 6,390 present Class A shares are cancelled.

Basis of Exchange

The proposed exchange works out as follows:

1. 29,000 present 7 per cent preference shares are exchanged on the basis of one $50 par 6 per cent debenture and five new preference shares for each present share. All arrears of dividends are cancelled under this plan.

2. Class A shares are converted into new common shares share for share.

3. Present 25,000 common shares remain unchanged but have added the 975,000 shares exchanged for Class A stock issued and unissued.

$5 Rate For Preferred

Though preference shareholders will by this plan lose the seven per cent dividend provision, it is no immediate loss as the company is not now paying dividends and has not been earning anywhere near seven per cent under the conditions obtaining in the dairy industry in recent years.

They will, however, get for their holdings a $50 debenture for every preference share and six per cent payments on that now make the equivalent of $3 a present share compulsory. In addition to that, they will get the equivalent of another $2 a share whenever the five new preference shares also received for each present preference share pay 40 cents a share. That would be the equivalent of $5 a share in all and the management expresses hope that that will soon be possible.

The main objection foreseen from preference shareholders is that common shares then take 40 cents a share before the new preference again share in earnings. Some objected that old arrears should be paid off first but those approached have agreed on a certain compromise of those rights in order to give the class A a chance for earlier sharing in earnings.

It is represented that the Class A, which will be exchanged for new common stock share for share, was sold for a minimum of $20 a share. Much of it is held by producers and employees, and an earlier break for these would have a goodwill value for the company, it is urged.

Hopes For Future

Present preference shares have been sold recently at 40 and 41. Mr. Silverwood expects that a six per cent debenture paying $3 on each $50 of par value and five no par value preference shares likely to pay 40 cents a share within a reasonable period will be worth a good deal more than that.

In a time of much greater prosperity for the dairy industry than the present the new preference stock might even pay 80 cents a share, thus paying the full seven per cent to which present shareholders are now entitled if it is earned.

The main argument to preference shareholders to agree to the change is that what is good for the company as a whole is good for every class of security holder. For years past the burden of fixed charges, expenditures for development of the business and dividend requirements have absorbed the surplus funds of the company.

Working capital was impaired as a result and the last balance sheet as of March 30, 1935, showed bank loans of $212,657.

Special Bank Loan

Dividends were dropped on April 1, 1935, because of a special bank loan of $115,000 to aid in the purchase of Willard's Chocolates, Ltd., Toronto plant. It was paid off in November, 1935.

The company has also maturing during the next few years $929,777 in funded debt and mortgage obligations. If these are paid from earnings preferred dividends will have to wait indefinitely.

It therefore aims in this reorganization at four things: consolidation, the funding of maturing obligations, the building up of working capital and the payment of preferred dividends at an early date.

Present debentures of Silverwood's Dairies, Ltd. are selling at about par with $1 million in outstanding obligations ahead of them. The total amount ahead of the debentures will be represented by this plan in the $1.2 millions of five per cent serial bonds.

A. E. Silverwood, president, estimates that the issue of the 1st five per cent bonds will enable the company to have at the end of this year working capital of between $300,000 and $500,000.

At the end of its last fiscal year on March 31, 1935, there was a small working capital deficit.

The actual interest charges on mortgages, agreements of purchase, debentures and bank interest have averaged at least $20,000 more yearly than the $60,000 required to pay interest on the five per cent bonds.

Two Dozen Companies Dropped

If consolidation is agreed upon, the present holding company becomes an operating company and it surrenders the charters of the following subsidiaries: Silverwood's Ltd., London Cold Storage Co., Silverwood's Windsor Dairy, Silverwood's Elmira Creameries, Elmira Creamery Co., Silverwood's Kitchener Dairy, Silverwood's Kucknow Dairy, Silverwood's St. Catharines Dairy, Silverwood's Chatham Dairies, Silverwood's Sarnia Dairy, Silverwood's Brantford Dairy, Silverwood's-Burke Dairy, Silverwood's Peterborough Dairy, Silverwood's Stratford Dairy, Silverwood's Woodstock Dairy, Silverwood's Toronto Dairy, Silverwood's Guelph Dairy, Silverwood's Oxford Dairy, Silverwood's North Bay Dairy, Silverwood's Sudbury Creameries, Silverwood's Cargill Creamery, Silverwood's Cayuga Creamery, Silverwood's Milk Products and the Ontario Creamery.

A First Charge

First necessity would be to pay off $116,900 15-year sinking fund first 7's due 1937 of Silverwood's, Ltd., $20,600 first closed 6's due 1938 of London Cold Storage Co., $43,600 first closed 6½'s due 1943 of Silverwood's St. Catharines Dairy, $1,000 first closed 6½'s Silverwood-Burke Dairy and $162,975 of underlying mortgages due now or in the next few years.

The trust deed for the new bonds will be in favor of the London and Western Trusts Co. They will mature in $60,000 lots annually from 1937 to 1941 and thereafter in $90,000 lots annually and are redeemable at a five per cent premium before maturity.

While these bonds remain outstanding the company is not to pay dividends which would reduce net liquid assets below $300,000. It is suggested to preferred shareholders that their present directors on the board, W. E. Robinson and E. W. Nesbitt, be their committee to represent preferred shareholders in all matters relating to the proposed reorganization.

The approval of the committee will be needed before the plan can become operative.

The sum of $100,000 is set aside as distributable surplus.

Preferred to Vote

The preferred shareholders shall vote as well as the common shares. The preferred shares will retain the right to elect two directors. Control goes to the public by this reorganization. It was formerly in the hands of A. E. Silverwood, who retains a large interest, however.

Investment Notes

Dominion Stores' Loss

Annual report of Dominion Stores, which will appear soon, will not be very satisfactory. The impairment of $370,571 in earned surplus in the first half of 1935 will make results for the year look sick. It is the outlook rather than the report for 1935 that has kept the shares firm.

* * *

B. A. Oil Prospects

British American Oil Co. may not show all the earnings from its U.S. operations in the forthcoming annual statement. The result would be to reflect the stable Canadian earnings, which exceed the 80-cent dividend, without emphasizing the more sensational U. S. developments. Osler & Hammond, in an analysis considers the company "is in a fine position to take advantage of any rise in demand for its products."

* * *

Coast Breweries Analysis

A new 7-year card analysis of Coast Breweries now appears in The Financial Post Corporation Service. Since 1929, the shares have fluctuated between $26 and $5.60 each, the dividend between $2.53 and 92 cents a share. Earnings have been running at 93 cents a share, but improvement is now anticipated.

* * *

Sawyer-Massey Common

Annual statement of Sawyer-Massey Ltd. indicates that the common shares are valueless. Total assets are apparently not sufficient to cover the bank loan and first mortgage bonds.

* * *

Royalite Action

Unusual technical strength has been shown by Royalite Oil. After several substantial advances, the shares have refused to give ground, indicative of persistent buying.

* * *

de Havilland Aircraft

The de Havilland Aircraft of Canada Ltd. has been a disappointment. Preferred dividends have not been paid since 1931 and were earned only in 1929. The company has had to depend largely on parts and reconditioning for its business. If transatlantic air service develops, officials feel the company should benefit materially.

* * *

Cement and Gypsum

While recovery in the building trades is expected, valuations placed on common shares of Canada Cement Co. and of Gypsum, Lime & Alabastine are debatable. Even in 1929 earnings on Canada Cement common were only 39 cents a share, yet the stock is over $7 a share. Above $8 a share, Gypsum, Lime holds no promise of early dividends. Still, earnings once reached $1.70 a share.

* * *

Bank of Canada Shares

Bank of Canada shares have risen to 53, apparently on the strength of The Financial Post's report that shareholders' investments in the stock may not be disturbed. The recent rise of interest yields on government bonds may have kept the shares from rising further.

* * *

Brazilian Talk

"Tips" on Brazilian common have been heard in financial circles. They are unexplained. There has been no great change in the currency situation which prevents withdrawal of funds from Brazil. And the problem of utility rates within Brazil remains.

* * *

McColl-Frontenac

Favorable views of McColl-Frontenac common are expressed by one disinterested Toronto stockbroker who holds great hopes for the Trinidad oil leases.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Iron and steel 15	Pulp and paper 6	Milling 4	Oils 4	Textiles and clothing 10	Food and allied products 19	Beverages 8	Total industrials 87	Total utilities 20	Total co's. 112
1929-34:*										
High	383.8	118.2	267.4	416.8	110.1	193.8	241.9	311.0	163.6	235.4
Low		36.8	1.4	34.9	78.3	68.5	27.3	44.0	30.5	38.6
Monthly Figures, 1935:										
January	129.4	14.0	71.5	181.5	75.8	134.2	106.8	129.7	50.4	90.5
February	126.4	13.4	67.4	197.7	75.6	131.3	108.1	128.8	49.4	89.6
March	117.0	11.6	56.0	176.0	74.1	126.5	101.6	125.6	45.1	86.1
April	119.4	11.1	56.9	178.6	73.1	125.1	99.6	130.8	43.8	88.5
May	121.9	10.8	59.9	211.7	70.3	127.8	102.4	144.4	44.4	96.8
June	118.6	10.5	58.4	217.9	67.2	127.0	104.7	145.2	45.0	97.1
July	122.2	10.6	57.4	210.6	66.7	128.5	116.7	143.8	44.7	95.5
August	122.1	12.0	59.3	210.0	65.5	130.1	122.9	146.1	47.7	98.2
September	118.7	12.4	61.2	206.6	61.8	128.7	126.5	147.1	46.3	97.5
October	123.0	12.6	60.9	215.1	63.5	134.4	133.2	152.9	45.6	100.0
November	127.8	14.6	66.9	228.7	69.0	145.7	157.3	170.3	50.9	110.4
December	125.0	15.9	76.7	214.8	70.4	148.5	161.0	178.2	50.1	112.0
Weekly Figures, 1936:										
Jan. 2	125.3	17.3	78.6	212.6	72.1	149.5	155.1	178.3	49.8	111.4
Jan. 9	128.8	18.6	79.5	217.5	74.9	152.1	152.6	180.2	50.8	112.3

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Jan. 14	133.94	128.05	124.39
Jan. 13	133.86	127.67	124.81
Jan. 11	133.19	127.81	124.99
Jan. 10	132.90	127.57	126.05
Jan. 9	130.90	125.17	124.95
Jan. 8	130.84	124.09	124.56
Month ago ..	126.54	116.16	117.51
Year ago	107.34	112.64	85.51
High, 1935-36	133.94	128.38	130.79
Low, 1935-36	97.90	96.70	80.83

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Jan. 14	68.9	72.7	71.4
Jan. 13	69.5	72.4	71.4
Jan. 11	68.9	72.3	71.2
Jan. 10	68.7	72.6	71.3
Jan. 9	69.0	71.9	70.9
Jan. 8	67.7	72.1	71.0
Month ago	65.3	67.0	66.4
Year ago	61.4	59.0	59.8
High, 1936	69.5	72.6	71.4
Low, 1936	68.0	70.3	69.6

City of St. Lambert

TO BONDHOLDERS

Notice is hereby given that the City of St. Lambert has been authorized by the Quebec Municipal Commission to convene a meeting of its bondholders to be held on February the 10th, 1936, at 10 A.M., at the New Court House, 100 Notre Dame St. East, Montreal, Room 206a, to vote upon a proposed plan to reorganize its Funded debt.

The bondholders are requested to register their holdings with:

Mr. David M. Currie,
Secretary-Treasurer,
City of St. Lambert, Que.

The proposed plan will then be forwarded, with all necessary forms to be completed to enable them to attend regularly said meeting.

A committee of bondholders will be formed to study and to report to the meeting upon said plan.

This meeting is convened under Chap. 36, 24 Geo. V, 1934.

Dated at St. Lambert this 7th day of January, 1936.

DAVID M. CURRIE,
Secretary-Treasurer,
City of St. Lambert, P.Q.

Union Gas Company
Established 1907

For more than twenty-five years the Union Gas Company of Canada, Limited has been engaged in the production and sale of natural gas in Western Ontario.

Earnings record of the Company indicates the stability of this enterprise. During the last five fiscal years average earnings (after depreciation) were 2.3 times bond interest requirements.

New Issue
Union Gas Company of Canada, Limited
4½% First Mortgage Bonds
Due December 1st, 1950.
Denominations: $500 and $1,000.
Price: 98 and accrued interest, yielding 4.68%.

Descriptive circular gladly forwarded upon request.

Wood, Gundy & Company
Limited
Toronto, Montreal, Winnipeg, London, Eng.
36 King Street West, Toronto, TELEPHONE: ELGIN 4321
Ottawa, Hamilton, Vancouver, London, Ont.

A. McKIM LIMITED

announces

that through the fusion of the Baxter Advertising Agency Limited with A. McKim Limited it has acquired the services of Major James M. Baxter as Vice-President and Director.

A. McKim Limited has been serving Canadian business since 1889, and during that time has played an important part in the expansion of Canadian trade and commerce by advertising placed under its direction of $100,000,000. Completely staffed offices serve clients of this agency at Montreal, Toronto, Winnipeg, Vancouver, Halifax and London, Eng.

The addition of Major Baxter and his staff to this agency will increase its opportunities to give vigorous, progressive and prompt service to present and prospective clients.

CHARLES T. PEARCE,
President.

BOARD OF DIRECTORS

C. T. PEARCE — JAMES M. BAXTER
H. E. STEPHENSON — B. A. BENNETT
A. N. McINTOSH — W. T. BRACE
J. W. THAIN

To the Holders of

United Amusement Corporation, Limited

6% First Mortgage Bonds due March 1, 1942 — Called for redemption March 1, 1936 at 103 and accrued interest.

The undersigned have purchased a new refunding issue of $1,250,000 United Amusement Corporation, Limited, 5% First Mortgage Twenty-Year Sinking Fund Bonds, Series "A", due February 1, 1956, to provide funds for the redemption of the Company's presently outstanding 6% First Mortgage Bonds on March 1, 1936 at 103 and accrued interest.

Holders of the called 6% Bonds may convert their holdings into the new 5% issue. The basis of conversion is an allowance of the full call price of 103 and interest to March 1, 1936 on the 6% issue in exchange for the new 5% Bonds at 101¼ and accrued interest or an allowance of 1¾%, together with interest adjustment from the first of February, 1936, to the first of March, 1936, between which dates the new bonds bear 5% and the old bonds 6%.

As the new refunding issue of 5% First Mortgage bonds has not been specifically reserved for conversion, we would urge holders of the called bonds wishing to convert to act promptly.

Full information on the new United Amusement Corporation, Limited, 5% First Mortgage Bonds due February 1, 1956 will be furnished upon request.

W. C. PITFIELD & COMPANY, LIMITED
WOOD, GUNDY & COMPANY, LIMITED
GREENSHIELDS & CO INC.
SOCIETE DE PLACEMENTS INCORPOREE

Bond Markets

Government Issues Decline Corporation Bonds Forge Ahead

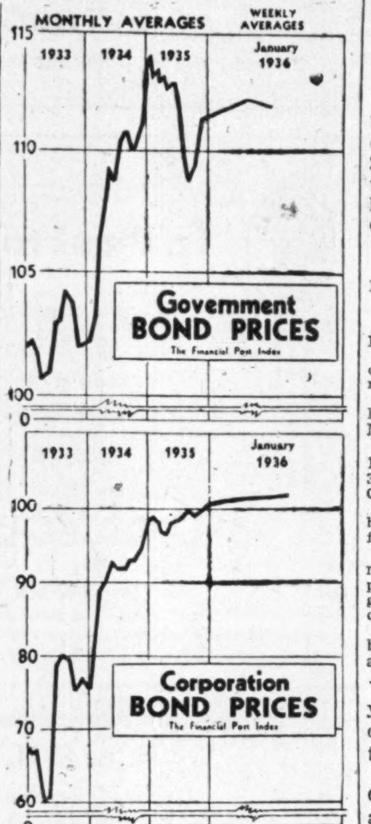
Discussion of conversion proposals by provincial treasurers at Ottawa and apprehension over Alberta's $2 million maturity on Jan. 15 has resulted in a general softening of government bond prices, Dominion as well as provincial issues losing ground.

Alberta bonds were the heaviest losers, declines ranging from 1½ to 4 points.

Ontario issues dropped as much as 2½ points on expectations that the debt would be refunded under the loan council proposal.

Corporation issues are forging ahead into new high ground. Assuming that improved industrial conditions continue, this trend may persist until interest rates bring offerings of new securities.

The Dominion government issue of $48 million 25-year 3¼ per cent bonds offered in New York met a ready demand. Within a few hours of the offering, the bonds were quoted at a premium of over 1½ points.



Wabasso Bonds

A PORTION of the new $3 millions issue of first mortgage 3½ per cent, 4 per cent and 4½ per cent bonds of Wabasso Cotton Co. is being offered for cash sale. Issued to refund bonds of the company and its subsidiaries at present outstanding, an offer of exchange was first made to bondholders. An excellent reception was accorded the exchange offer.

* * *

Convertible Bonds

CONVERTIBLE bonds have a definite attraction in view of the possibility of some further eventual recovery in stock prices.

They offer the holder a fixed rate of interest, coupled with the attraction of possible appreciation.

The trouble is that these issues are few. There are British American Oil five per cent bonds due 1945; Canadian Pacific Railway Co. four per cent bonds due 1949; Hiram Walker-Gooderham & Worts 4¼ per cent debentures, due 1945; and Montreal Light, Heat and Power three per cent debentures, due 1939.

* * *

Speculation

SPECULATION has recently been an important factor in the industrial bond market. As a result of business improvement and prospects for a continuance of this trend, depreciated bonds have been in active demand.

Last week The Financial Post drew attention to appreciation in defaulted newsprint bonds. This movement has extended to a number of other issues. It is possible that in some cases the market has overestimated the possibilities for marked improvement in earnings.

* * *

Index Advances

THE Financial Post index of corporation bonds has advanced steadily since the first of the year and is threatening to break through 102.

Appreciation in corporation bonds has been fairly general, only a few issues recording losses. Among the latter are Beauharnois Power 5's, which declined 1¾ points, and Beauharnois L.H.&P. 5½ which lost seven points. This is due to the freezing out of Beauharnois from the Ontario Hydro power market.

Maclaren-Quebec issues have fluctuated from day to day with a slight tendency toward softness. Gatineau bonds have been steady and Ottawa Valley Power 5½'s remain unchanged in view of continued negotiations with the Ontario Hydro.

* * *

Government Bonds

GILT-EDGED Dominion bonds have not escaped the general weakness of the government bond market resulting from the conversion proposals. New Brunswick and Nova Scotia bonds are not likely to be included in a conversion scheme, yet they also declined. Losses, however, have been confined to fractions of a point.

As indicated above, Alberta and Ontario issues led the decline. Saskatchewan issues werenext with losses up to two points. British Columbias and Manitobas dropped one half to one point.

The setback to Dominion bonds should be only temporary, especially since no refunding of the federal debt is contemplated. It is possible, however, that Ontario issues will decline further when details of the conversion proposals become known.

The trend of the gilt-edged market is shown below:

The Financial Post Average Yield and Price For Seven High-grade Government Bonds

1936	Yield %	Price $	1935	Yield %	Price $
Jan. 14	3.593	111.55	Jan. 14	3.424	114.47
Jan. 13	3.597	111.50	Jan. 12	3.436	114.30
Jan. 11	3.570	111.83	Jan. 11	3.445	114.19
Jan. 10	3.570	111.83	Jan. 10	3.427	114.47
Jan. 9	3.564	111.89	Jan. 9	3.445	114.23
Jan. 8	3.563	111.93	Jan. 8	3.391	114.72
Jan. 7	3.563	111.93	Jan. 7	3.380	114.85
Jan. 6	3.563	111.98	Jan. 5	3.367	114.97
Year's	3.597	112.21	Year's	3.367	114.97
Range	3.540	111.50	Range	4.097	106.57

MONTREAL POWER CALLS IN BALANCE OF FUNDED DEBT

$15 Millions New Bonds Offered to Public at Lower Rate

From Our Own Correspondent

MONTREAL. — Montreal Light, Heat and Power Consolidated is calling for redemption on April 1 next, at a premium of four per cent, all of its first refunding and collateral trust bonds, due 1951, and amounting to $27.6 millions.

This transaction is being financed in part through the issuance of $10 millions of 3½ per cent first mortgage and collateral trust bonds and $5 millions of 2½ per cent five-year serial bonds.

The redemption of the five per cent bonds next April will require $28,719,600. Proceeds from the two bond issues will give the company somewhat less than $14 millions, so that it will be necessary to draw upon the treasury for $14 millions or more.

Short Terms Taken Up

All of the 2½ per cent series have been privately subscribed for and only the $10 millions of 3½ per cent 20-year bonds are being offered to the public through a syndicate headed by Collier, Norris and Henderson.

Particulars of this issue follow:

$10,000,000
Montreal Light, Heat & Power Consold.
1st Mort. & Coll. Trust 3½%
20 Year S. F. Bonds

Dated: Feb. 1, 1936 Due: Feb. 1, 1956

Principal and interest payable in Canadian funds only; callable on 30 days notice at varying premiums.

Company: Supplies all the gas, electric light and power requirements of Greater Montreal.

Capitalization:	Outstanding
1st mort. & coll. trust bonds	$15,000,000
3% convertible debent.	26,823,550
Common shares, n.p.v.	4,489,181 shs.

Security: First mortgage on all land and buildings now and hereafter owned and floating charge on all other assets.

Purpose of Issue: Provide part of funds required for redemption of $27,615,000 principal amount of 5 per cent first mortgage and collateral trust bonds to be called on April 1, 1936.

Offer: 98.50 to yield about 3.60 per cent by a syndicate headed by Collier, Norris and Henderson.

Tailors' Chairman

CHARLES J. LEVY

Of Toronto, who will act as chairman at the meeting of merchant tailors from all sections of Canada and the United States to be held in Toronto, January 28 to 31. The convention will decide on men's styles for 1936.

St. James Court Bonds Face Compromise Plan

Interest on the first mortgage serial bonds of St. James Court Apartments is unlikely to be paid Jan. 30, 1936, it is understood. No payment was made in July, 1935.

The amount of principal outstanding remains at $164,500, and it is anticipated that some plan of compromise with bondholders will be proposed. Since earnings have been small, after payment of taxes, any scheme of arrangement is likely to contemplate a reduced rate of interest on the bonds.

It is expected that 1934 and 1935 taxes will be paid in full by Jan. 30, 1936. After payment of taxes, a surplus of between $2,000 and $3,000 will be shown for the year.

Victory Bldg. Investors To Consider Finances

Holders of the 6½ per cent first mortgage bonds of 80 Richmond St. West are to meet Jan. 30, 1936, at the Royal Trust Co., Toronto, to consider ways and means of financing completion of the building. Bondholders will also be asked to make provision for payment of various claims, including obligations of the Royal Trust Co. as trustee. The trustee is asking authority to dispose of the mortgaged property for sufficient to discharge liabilities.

Work in the property, known as the Victory Building, ceased in November, 1929, due to failure to complete financing of the project. The probability is that under any scheme that may be followed, bondholders will suffer a substantial loss on their investment.

CANADA'S DEFICIT UP $4.8 MILLIONS TO DECEMBER 31

Dominion Loses Ground in December Despite Higher Revenue

Deficit of the Dominion government in December totalled $2.6 millions. This brings the total for the first nine months of the current fiscal year to $40.3 millions, an increase of $4.8 millions over the corresponding period of 1934.

While revenue for December was over $1 million higher, the deficit $2.6 millions is shown as against a surplus of $708,000 in December, 1934. Increased revenue comes from income taxes, excise taxes, excise duties and post office, named in the order of importance. Customs duties and miscellaneous revenue are down and the gold tax disappears entirely as a source of revenue.

Revenue in the nine month period increased $14 millions. Income tax collections alone accounted for a greater increase than this. Repeal of the gold tax and declines in other items offset part of the income tax advance.

While ordinary expenditure has increased $4 millions in the nine month period, the principal increase has been in special expenditures. Included under this head are expenditures under the public works construction act which have jumped $17.5 millions. Unemployment relief expenditures are down $600,000.

Dominion Revenue and Expenditure
Nine Months to Dec. 31

	1935 $000's	1934 $000's	Change $000's
Revenue:			
Customs duty ..	56,641	57,317	— 670
Excise duty ...	35,260	34,142	+ 1,118
Excise taxes ...	82,916	83,858	— 942
Income tax	73,250	54,139	+19,111
Gold tax	1,413	5,146	+ 3,733
Post office	23,889	23,070	+ 819
Miscellaneous ..	14,649	16,337	+ 1,688
Special	275	244	+ 31
Totals	288,292	274,247	+14,045
Expenditure:			
Ordinary	269,546	265,253	+ 4,293
Special	52,444	36,970	+15,474
Capital	6,652	7,488	— 836
Totals	328,642	309,711	+18,931
Month of December			
Revenue:			
Customs duty ..	5,326	5,498	— 172
Excise duty	4,253	4,015	+ 238
Excise taxes ...	10,259	9,586	+ 673
Income tax	3,550	1,945	+ 1,605
Gold tax	......	589	— 589
Post office	4,600	4,500	+ 100
Miscellaneous ..	2,007	2,807	+ 800
Special	8	11	— 3
Totals	30,002	28,951	+ 1,049
Expenditure:			
Ordinary	23,872	21,974	+ 1,898
Special	7,952	5,719	+ 2,233
Capital	828	550	+ 278
Totals	32,652	28,243	+ 4,309

Bond Tenders

4 p.m., Jan. 28, Hull, Que.—$130,500, 4½ per cent bonds, approved by the Quebec Municipal Commission, due serially from Nov. 1, 1936 to Nov. 1, 1955. H. L. Leblanc, city clerk.

Sun Life to Refund West Kootenay Bonds

From Our Own Correspondent

MONTREAL. — West Kootenay Power and Light Co., subsidiary of Consolidated Mining and Smelting Co. of Canada, is understood to have entered into an arrangement with the Sun Life Assurance Co. of Canada, whereby the former's five per cent first mortgage bond issue will be called for redemption and replaced with a new bond issue carrying a lower interest rate.

In the early part of 1931 West Kootenay Power issued through The National City Co. and Hanson Bros. $6.5 millions of five per cent first mortgage bonds. Through operation of the sinking fund, the amount outstanding was reduced to $6.3 millions at the close of 1934. The bonds are payable in Canada, New York or London and are callable on 30 days notice up to March 1 next at 105, and at 104 for the next five-year period.

Redemption of West Kootenay's bonds along the lines indicated will wipe out public investment interest in the enterprise and, at the same time, create a precedent in corporation financing in this country. While life insurance companies in the United States have been known to purchase an entire corporation bond issue, this is said to be the first instance in Canada where an insurance company has taken a whole issue and eliminated the investment dealer from a refunding operation of major size.

See also West Kootenay's 1936 programme of extension on page 21.

BONDHOLDERS OPPOSE CHILEAN DEBT PLAN

Acceptance of $2 Payment Will Invalidate Contract

Non-acceptance of the offer of the Chilean government for servicing its foreign bonds in default since 1931 is recommended to holders of the dollar bonds of Chile, of the Mortgage Bank of Chile and Chilean municipalities by the Foreign Bondholders' Protective Council, Inc., New York.

The council points out that the most important objection to the plan is the view of the government of Chile that the acceptance of the payment of one coupon—estimated to amount this year to a little over $2—acts to destroy the bond contract and to wipe out the bond obligation.

While the Chilean government deems that acceptance of $2 now extinguishes all the contractual rights for service and payment of a $1,000 bond, this does not necessarily mean that the Chilean government will repudiate the bonds and will not at a later date redeem it, the council points out It does mean, however, that should the government take such action, the bondholders who have assented to the plan would, in the view of the government, have agreed to and validated such repudiation and would no longer have any claim against the government.

Neon Products Offers To Buy Ruddy-Duker

Shareholders of E. L. Ruddy Co. are to meet Jan. 20 to consider approval of an offer of Neon Products of Western Canada made for the shares of Ruddy-Duker Co. The Ruddy-Duker Co. operates plants in Vancouver, Victoria, New Westminster, and other British Columbia centres. It is a subsidiary of E. L. Ruddy Co.

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Matapedia Val. L. & Pr.	6½%	1944	Feb. 3	102½
Ham. By-Prod..	7%	1943	Feb. 1	102
Mt. Royal Tunnel	5%	1970	Apr. 15	100
Eaton Realty	5%	1949	Feb. 1	100
Lincoln Pulp	7½%	1942	Feb. 1	103
Georgetown C. Pap.	6½%	1947	Feb. 1	102
Gartshore-Thom. Pipe	6½%	....	Feb. 1	102½
United Amuse. ..	6%	1942	Mar. 1	103
Mtl. Pr. Cons. A	5%	1951	Apr. 1	104

Stock Issues:	Rate	Stock	Date	Price
Can. Dredge & D.	7%	Pref.	Jan. 31	107½

THE TRUTH ABOUT A POPULAR FALLACY

"I can't afford to have my estate settled by a Trust Company. A Trust Company is too expensive."

This is not true. The fact is that the fees allowed a Trust Company are no larger than those allowed by the Court to a private executor. The use of its services represents sound economy in that it eliminates mistakes due to inexperience or unsound judgment, which may prove expensive and even disastrous.

The settlement of an estate or the handling of a trust calls for permanence, experience, knowledge and technical skill.

113A

THE ROYAL TRUST COMPANY
EXECUTORS AND TRUSTEES
59 Yonge Street, Toronto
105 St. James Street, Montreal
Branches throughout Canada, in Newfoundland and in London, England
ASSETS UNDER ADMINISTRATION EXCEED $736,000,000

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Dominion—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Canada	Jan.	First Boston Corp. and Canadian and U. S. syndicate	3¼%	1961	$48,000,000	*95.86	.....
Municipal—							
Port Arthur	Jan.	Locally	4½%	30-yrs.	16,400	....	4.60%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Sisters of the Hotel Dieu, Chatham, N.B.	Jan.	Eastern Securities Co.	4½%	20-yrs.	$200,000	100	4½%
Montreal L. H. & P. Cons.	Jan.	Collier, Norris & Henderson and syndicate	3½%	1956	10,000,000	98.50	3.60%
Montreal L. H. & P. Cons.	Jan.	Privately	2½%	1937-41	5,000,000	....	.....
Wabasso Cotton Co.	Jan.	Wood, Gundy & Co.	3½, 4, 4½%	1937-51	3,000,000	....	.....

*Offering price.

THE DOMINION LIFE ASSURANCE COMPANY
Head Office: Waterloo, Ontario

HIGHLIGHTS OF THE 47TH ANNUAL STATEMENT

The Dominion Life showed excellent progress during 1935. It is with gratification that the Board of Directors submit their summing up of the 47th Annual Statement—a definite reflection of increasing public confidence in conditions generally. A complete copy of the Annual Report will be mailed on request.

DURING 1935

ASSETS
Increased by - - - - - - $2,241,851
(and now total $31,098,870)

POLICY AND ANNUITY RESERVES
Increased by - - - - - - $1,553,690
(and now total $25,650,827)

INSURANCE IN FORCE
Increased by - - - - - - $5,057,236
(and now stands at $155,279,029)

PAYMENTS TO POLICYHOLDERS AND BENEFICIARIES DURING 1935 TOTALLED
$2,988,628

EXCESS OF RECEIPTS OVER DISBURSEMENTS DURING 1935
$2,359,028

TOTAL INCOME IN 1935 WAS
$6,896,087

A MESSAGE FROM THE PRESIDENT - - - -

The assets, $31,098,870, with the exception of $406,349, belong absolutely to the policyholders. This $406,349 represents the shareholders capital and surplus account, which is an added security for policyholders and is available to them if required. Dividends paid to shareholders during the past five years have been considerably less than was actually earned on the fund.

The Company's assets are divided as follows:

Mortgage and Sale Agreements	41.95%
Bonds (26.61% of Bonds are Dominion and Provincial)	28.46%
Stocks (Preferred 1.21%; Common 2.23%)	3.44%
Real Estate, including Head Office	3.64%
Loans to Policyholders......	15.31%
Interest due and accrued..	3.09%
Premiums Receivable	2.78%
Cash on Hand..........	1.33%
	100.00%

The item, "Policy and Annuity Reserves, $25,650,827", is the amount required, along with future premiums, to pay all of our 63,000 policies when they become due, either through death or maturity of the contracts.

As an indication of improved business conditions, I point to the fact that the demand for loans on policies decreased appreciably during 1935 and our business in force increased over five million dollars.

I think we can review with justifiable pride the progress which the Company has made during the past year.

Ford S. Kumpf
President and Managing Director.

TWENTY YEARS OF PROGRESS

	1915	1925	1935
Insurance Issued and Revived..........	$ 3,403,404	$ 17,874,727	$ 23,180,974
Insurance in Force, December 31st..........	17,561,706	81,677,030	155,279,029
Premium Income	523,102	2,708,579	4,715,470
Total Income	739,657	3,462,838	6,896,087
Payments to Policyholders..........	265,311	1,043,950	2,988,628
Assets as at December 31st..........	3,954,632	12,375,516	31,098,870
Insurance and Annuity Reserves as at December 31st....	2,906,038	10,228,212	25,650,827

FORD S. KUMPF, Waterloo, President
EDWARD F. SEAGRAM, Waterloo, Vice-President GEO. A. DOBBIE, Galt, Vice-President

BRANCH OFFICES AND REPRESENTATIVES ARE LOCATED IN EVERY IMPORTANT CENTRE THROUGHOUT CANADA

New features? You get them ALL . . . in the 1936 HUDSONS and TERRAPLANES

"There's a car that can GO, and KEEP ON going!"

IT'S NO surprise to those who know automobiles to see the rapidly increasing number of new car buyers who are choosing Hudsons and Terraplanes . . . and buying *now.*

First, because they get all the really new and important features that date Hudson and Terraplane a year or more ahead of other cars. Second, because in buying now they have a new car that will *stay* new, months longer. The year's best automobile investment!

Size? Many cars priced hundreds of dollars higher fall far short of Hudson and Terraplane in size, wheelbase, overall length. None in their own price ranges can equal them. Or in passenger room and storage space for baggage, with enclosed spare tire lying flat.

Style? Here is the only *really distinctive new* design in the medium and low price field. The beauty of Hudsons and Terraplanes is speaking for itself on the streets of cities and towns throughout Canada.

Safety? Only Hudson and Terraplane have Radial Safety Control (patent applied for)—the revolutionary principle that makes riding, steering and stopping safer. The same is true of Tru-Line Steering—the Rhythmic Ride and the Electric Hand (optional at slight extra cost).

Brakes? No other car gives you—Duo-Automatic Hydraulic Brakes. Latest and finest hydraulics, with a separate safety braking system that takes hold *automatically* if ever needed. *Two* complete braking systems, operated by *one* brake pedal.

Bodies? They are *all* of steel, reinforced inside with steel, with seamless roof of solid steel—found in no other popular cars.

And, pay what you will, *no car* develops such power on so little gasoline as Hudson and Terraplane. And owners report amazing durability, with mileages 150,000, 200,000 and even more. Ask for *proof* of that, then convince yourself—behind the wheel. Let us show you.

HUDSON MOTORS OF CANADA, LIMITED
Tilbury, Ontario

Look at these Low Prices!

TERRAPLANE
Steps you up in everything but price.
115 inch wheelbase
88 or 100 h.p.
$906 UP

HUDSON
SIXES—93 or 100 h.p.—wheelbase 120 inches
EIGHTS—113 or 124 h.p.—wheelbase up to 127 inches
$1078 UP

Prices quoted are retail at factory, Tilbury, Ont., freight and license only extra
Save . . . with the new Hudson 7% Finance Plan

615

FOR WINTER DRIVING SAFETY . . . AND A SOUND INVESTMENT . . . A HUDSON-BUILT CAR

See and Drive the 1936 Hudsons and Terraplanes at your nearest Hudson-Terraplane dealers.

Easy to buy with the new Hudson 7% Finance Plan.

The Financial Post

Member Audit Bureau of Circulations

Editor—Floyd S. Chalmers

Business Manager—D. M. Gowdy

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

The Financial Post Has the Largest Paid Circulation of Any Canadian Financial Paper

The detailed circulation statement we submit is the sworn statement of the Audit Bureau of Circulations, the recognized independent authority. THE FINANCIAL POST is the only Canadian financial paper submitting its circulation to the A.B.C. inspection.

ADVERTISING RATES

Single insertion—$3.64 per inch.
Debenture and Dividend Notices—26c per agate line.
Contract rates upon request.

SUBSCRIPTION PRICE

Canada, United States, Mexico, British Empire, $5 per year, all other countries, $6.

Published by

THE MACLEAN PUBLISHING CO., LIMITED
481 University Ave., Toronto 2.

Chairman of the Board—John Bayne Maclean

President—Horace T. Hunter

Vice-President and General Manager—H. Victor Tyrrell

MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor. GREAT BRITAIN, London, Resident representative: J. K. Ross-Duggan, Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1. Telegraphic Address, Atabek, Lesquare, London.

The Financial Post Business Year Book, Yearly, $2.

The Financial Post Survey of Corporate Securities, Yearly, $2.

The Financial Post Survey of Mines, Yearly, $2.

The Financial Post Record of Prospectuses, Half Yearly, $7 per volume.

The Financial Post Corporation Service, $20 monthly. Special prices for selected part service.

Directory of Canadian Directors and Officials, Yearly, $10.

TORONTO, JANUARY 18, 1936

Old Soldiers — and Government Bureaus — Never Die

IT CAN be taken as the No. 1 axiom of politics that it is the simplest thing in the world to start a new department to spend public money but the most difficult thing in the world to wind it up.

When each of the New Deal enactments came into operation in the United States, a large new staff was organized to look after it. And when different experiments have been abandoned or knocked on the head by the Supreme Court the vast staffs engaged in their administration have in most cases been "transferred" to other departments. Thus government staffs grow and never dwindle. They hold all their gains. Like old soldiers, political bureaus never die.

A minor but revealing example of the tendency is seen in Toronto. Ontario has taken over the city's income tax. This would seem to make it unnecessary for Toronto to carry on with its income tax department. Members of that staff would seem to be logical prospects for appointments to the larger bureaus that will be needed at the provincial parliament buildings and at the Dominion income tax department which will collect the new tax.

But no! Things don't work that way in politics. At Toronto's city hall it is indicated that the employees who will no longer be needed on income tax work will be retained and will be given jobs as sleuths to comb the city for evaders of the present business tax. Whether or not there is a large amount of evasion we cannot say. Certainly it is hard to believe that checking up on business taxation needs a staff as large as the collection of income tax required. But city hall politics dictate that no one shall be put to the necessity of changing his job—even if thereby the taxpayer might gain some benefit. And so Toronto retains its income tax staff, Ontario hires a new one and the Dominion will increase its staff.

Plain Talk

MORRIS W. WILSON, president of the Royal Bank of Canada, has always had a reputation for candid speaking in his public statements. He lived up to what was expected of him in his address at the annual meeting of his bank the other day. He was both pertinent and frank in his comments on certain phases of public policy in Canada. And on no subject did he voice views more blunt than those he expressed on Ontario's dishonorable policy of repudiating long-term contracts. "Repudiation does not pay," he said, and added:

"In the past we have made heavy sacrifices to build up and maintain our credit abroad. Unless some means can be found to remove the stain, this incident will be a permanent blot upon the fair name of our country."

This is a fair comment. Let us have more such from men of Mr. Wilson's standing. The courage shown by Canadian leaders of business in attacking the problems that have come before them has been in curious contrast to their general lack of courage in speaking out in defence of business. "Reprisals" from politicians apparently have been feared. But Canada needs the judgment of competent business men in the solution of its public problems more than it needs the well propagandized ideas of cranks or the economic illiteracies of rabble-rousing politicians.

It is good to see the revival of plain speaking by serious men.

In Sterlingaria

CANADA'S monetary authorities have resisted the efforts of London to bring us into that mythical monetary empire known as Sterlingaria. We have declined to link our dollar with the pound sterling. Chiefly because of our intimate relations with the United States, we have gone our own way, "managing" our dollar as we have seen fit.

Australia, New Zealand and South Africa have tied up with the pound. It is of interest to discover the Midland Bank devoting a large part of its monthly bulletin to the implications of this tie-up, with the strong suggestion that none of these three Dominions has been wise in letting all the managing of the pound be done in London.

Australia, during the past year, has been going through the first stages of a new deflation. This arose from the fact that exports of wool fell off last year at the same time that imports were rising because of improved domestic business conditions. This had the effect of reducing Australian balances in London. As these balances formed part of the reserves of the Australian banks, the effect was to reduce the amount of cash available as a basis for banking expansion. When Australian banks began to pull in their horns, a general deflationary pressure was exerted.

In New Zealand, practically the opposite condition has prevailed, with the result that there has been a dangerous superabundance of banking funds in that Dominion.

South Africa's position is slightly different, but the results have been much the same as in New Zealand, and the banks have large excess reserves.

The lesson drawn by the Midland Bank is that it is not enough for any nation to link its currency with sterling unless its own internal business situation is to be governed entirely by what happens to sterling. There is, in the opinion of the bank, need for individual management of the local currency. As the pound sterling is now a managed currency, this would mean management within management.

Most countries of the world abandoned gold because gold refused to manage itself well. Now it would appear that even attachment to a managed currency like the pound sterling does not relieve a country of the necessity of doing a certain amount of individual management, independent of that done by the monetary moguls of Threadneedle Street and Whitehall.

Small to U. S.; Big to Us

ANALYTICAL articles on the Canada-U. S. trade agreement appearing currently in American periodicals express general approval of the pact and denounce the loud-voiced minorities still calling for presidential or congressional action to save their particular interest from supposed domination of Canadian producers and products. Two such articles in defense of the treaty have just appeared in Collier's, New York and Polity Magazine, Chicago.

One important point made by these commentators is the fact that the bulk of concessions granted to the United States by Canada "cannot appreciably affect the U. S. price structure, yet mean much to a small country like Canada."

For instance it is noted that:

The lumber quota granted Canada limits our exports to but five per cent of U. S. consumption.

That imports of Canadian cattle may not exceed three-fourths of one per cent of U. S. domestic consumption.

That calf imports may not exceed one-quarter of one per cent of U. S. consumption.

That if the entire amount of cream which Canada is allowed to ship (under a duty which still amounts to 35 cents a gallon) were divided fairly, it would give each American less than half a gill of cream a year.

These instances do not tell the whole story of the new agreement but they do illustrate an essential truth about the pact, namely that Canada has obtained some concessions which should be of considerable value to our small, diversified producers and which on account of the enormity of the American market are but a flea bite in the immense flow of products needed to supply that vast market.

"Something Ought To Be Done . . ."

NO ONE expects politicians to be students of economics and the social sciences, which is unfortunate. Certainly the views they express in public are views that should be the product of adequate study and logical reasoning since they are bound to influence a large number of people. Yet how seldom does one find an elected administrator who has studied more than the superficial aspects of the problems that come before him.

Not at all isolated is this example of profound economic thinking reported in the news columns of a Toronto newspaper:

Controller Robbins came under fire on the relief question. He said that more work was needed, and discussed several public works plans.

Said a member of the audience: "That's all very well, but you are only talking about manual labor. What are you going to do for the thousands of boys and girls leaving school every year—give them picks and shovels?"

"Shorter hours for everybody," replied the Controller.

"How are you going to get them?" demanded the heckler.

"Well, they should be brought about," said Mr. Robbins.

That somebody ought to do something about something is always regarded as a safe statement for a politician to make. When cornered and pressed for further details he will usually add: "Well, there ought to be a law . . ." or "Let's tax the rich to raise the money."

This "solves" many small problems—and creates many new and large ones.

Non-political Public Ownership Cannot be Had

IN A LARGE number of Canadian newspapers, editorial apprehension is expressed over the proposed return of the Canadian National Railways to political control. Even newspapers which believe that the Board of Trustees has done less than expected to restore solvency to the C.N.R. doubt if it is wise for the new Minister of Transportation, Hon. C. D. Howe, to assume the risks of having the road run by directors immediately responsible to the politicians.

In the United States, the outstanding advocate of railway co-ordination, under ultimate government control or ownership, is Federal Co-ordinator Joseph B. Eastman who, curiously enough, has been able to command the respect both of public ownership Socialists and of railway executives. He said, in one of his recent reports:

"Under present conditions particularly it would be essential to its successful operation that the Public Trustees be given an absolutely free hand and that they should not be under the domination or control of the political branches of the Government. Only an enlightened and sustained force of public opinion could accomplish this result."

This is about the same recommendation that the Duff commission made regarding our own C. N. R., a recommendation that was adopted, that failed to work successfully and is now to be abandoned.

The Financial Post is not alone in fearing that the abolition of the Trustee Board will be a return from the frying pan to the Thorntonesque fire. A large number of Canadian papers have expressed similar views.

The real nature of the dilemma is sensed by the Wall Street Journal when it observes that any hybrid mixture of governmental and private operation inevitably tends to bleed both of its components to death.

So long as we have governmental ownership of our railways we are likely to have conflict between the sincere efforts of men like Dr. Manion and Mr. Howe to manage the public lines free from political interference and the inevitable pressure of political forces upon that management.

A publicly-owned utility run as a private business is an anomaly that can not be brought into permanent existence.

Editorial Notes

Whenever Mr. Aberhart speaks it is good for two news items. Once when he makes the statement and again when he claims he was misreported.

* * *

"It's a funny world. If a man gets money, he's a grafter. If he keeps it, he's a capitalist. If he spends it, he's a playboy. If he doesn't get it, he's a ne'er-do-well. If he tries to get it, he's a Communist. If he doesn't try to get it, he lacks ambition. If he gets it without working for it, he's a parasite. And if he accumulates it after a lifetime of hard work, he's a sucker."—*Life.*

Whatever else he is, he's a taxpayer.

* * *

"Delegates from the Union of Alberta Municipalities who recently interviewed the provincial government are convinced that something will be done in the near future to lift the burden of social services from real property and place it on persons."—*Edmonton Journal.*

Readers are urged to attempt to visualize real property writing out a cheque for its taxes.

* * *

"Only 40 per cent of the qualified electors of Toronto turned out to vote on Jan. 1. Suggestions are now being made that Toronto should not hold its civic elections on a public holiday given over to celebrating."—*Regina Leader-Post.*

Or to be more accurate, "given over to recovery from celebrating."

Post-Scripts

Not Merely to Make Money

DUE to mergers and outright purchases by promoters, the mortality among family businesses in Canada was especially heavy during the period 1926-1929. Here and there remain a few family ventures in which pride of creation and ownership have outweighed material gain. Such an enterprise is that of Wm. Stairs, Son and Morrow, of Halifax, still owned and controlled by William Stairs' descendants to the fourth generation.

The history of this firm—dealers in heavy and light hardware and associated lines—goes back 125 years; a period covering more than two-thirds of the chronology of events in the City of Halifax.

In order to commemorate this date mark, Cyril Stairs, present head of the firm and great-grandson of the founder, has caused to be prepared and published a book dealing with "The House of Wm. Stairs, Son and Morrow Ltd." It is a worthy memento and should be read by business men throughout the country. To some it may be disappointing, for there is no mention of profits, sales or those other indices which are too often regarded as the outward and inward evidences of success. Rather does it deal with the spiritual side of the business; of the men who conceived and built it up; of their lives and times; and their teachings.

In these days, when the desire to make wealth too often obscures the spiritual side of business, it is refreshing and stimulating to read the story of the House of Stairs, which in subscribing to the belief of William J., — "Let it be not merely to make money, but mostly to serve others more than he would serve himself"—has built on a lasting foundation.

Sayings of the Week

"The real unit of economic life is now the whole of mankind."—*Beni Prasad.*

* * *

"The wheels of production revolve too fast for artificial restriction."—*Beni Prasad.*

* * *

"We must get rid of the current belief that 'only saps work'."—*Mary Elmer Barnes.*

* * *

"If we are wise we will preserve intellectual interests wider than our vocations." — *Lord Tweedsmuir.*

* * *

"Religion is suffering from something very like an inferiority complex."—*Boshi Sen, author of "Science and Religion."*

* * *

"The only security derives from courage, sacrifice, industry, thrift, and the Ten Commandments."—*Roger W. Babson.*

* * *

"There is not a definite criminal type, distinctly differentiated from the average normal person." — *Dr. M. S. Gregory, professor of psychiatry.*

* * *

"Canada's new wheat policy will bring the greatest revival of sales of Canadian wheat in Britain that has occurred in a full decade."—*E. Cora Hind.*

* * *

"A free man is not one who is permitted to do as he likes. He is one who willingly accepts a discipline and makes it his own, because he understands its value."—*Lord Tweedsmuir.*

* * *

"I am too well acquainted with the intelligence and balanced judgment of American readers to make an appeal to sentiment."—*Baron Pompeo Aloisi, Chief League of Nations Delegate for Italy.*

* * *

"Agriculture has faced the extremely real alternatives of either adopting controls similar to those in effect in industry, or of continuing to be the shock absorber of the economic machine."—*U. S. Administrator, C. C. Davies, of the A. A. A.*

* * *

"We must face the fact that the American farmer refuses to become a peasant, that on the contrary he is going to obtain whatever governmental help is necessary in order to secure his fair share of the national income."—*U. S. Secretary of Agriculture, Henry A. Wallace.*

* * *

"The false theory of plenty is the father of technocracy, of the Townsend plan, of the 30-hour week, and of the grotesque social credit scheme, all of them still a menace to the future welfare of this country."—*Dr. Neil Carothers, professor of economics, Lehigh University.*

Canada's Chief Problems

A Financial Page Editorial in The London Times

Much publicity has been accorded to those Canadian politicians who are anxious to overturn the existing financial machine and put in its place contraptions that, however well they may sound in theory, are exceedingly unlikely to work smoothly in practice. All the greater satisfaction, therefore, will be felt by investors and business men interested in Canada with the remarks made in a recent address at Toronto by Mr. Floyd S. Chalmers, editor of The Financial Post, who is able to gauge Canadian economic tendencies with the accuracy of the man on the spot. He showed clearly that many of Canada's troubles arise from the adoption of unsound practices rather than from any inherent defect in the financial machinery, and he urged that the adoption of well-tried economic principles would be more likely to achieve a substantial measure of recovery than all the experiments of the theorists.

Waste in Government

Mr. Chalmers spoke of the necessity of fully restoring the investors' confidence in Canada and Canadian enterprise. Only thus would outside investors be induced to invest further capital on equitable terms to promote Canada's development, and only thus would business men at home feel secure in establishing and expanding work-creating developments in which the risk and adventure were those of individuals and not of the taxpayers. Canada's most pressing need, as he sees it, is the restoration of financial stability. The national budget must be balanced, and any effort toward this objective must only in a very minor degree involve further taxation if the spirit of enterprise so essential to recovery is not to be further impaired. He added that primarily the balancing of the budget must come from curtailment of expenditures and from doing without those things that cannot at this stage be afforded. Among Canada's major wastes Mr. Chalmers places the enormous losses on the railways: the railway problem must be solved, he said, before the country can possibly achieve a balanced budget that will stay balanced. Another waste to which the speaker referred was "competition in government." Competition might be the life of trade, he said, but competition to tax and to spend was the death of the taxpayer. He pointed out that if each of the provinces were to have a department of agriculture they would hardly need one at Ottawa, and that if Ottawa were to have a department of health they would not need similar health activities in the provinces.

The Path to Recovery

Mr. Chalmers queried the statement made by one of the political leaders during the election campaign that "the credit of Canada never stood higher than it stands today." He said:

"No nation can run along with unbalanced budgets; with unchecked wastes that are beyond its ability to bear; with monetary heretics winning victories in provincial elections; with mayors threatening repudiation of their bonds; with provincial premiers and attorneys-general passing legislation repudiating just obligations that were legally if unwisely incurred; with Parliamentary bodies confusing recovery and reform; and still expect to have foreign investors take seriously their protestations that their bonds are good bonds and will remain so."

Mr. Chalmers declared that a national policy of sound finance could be worked out through the co-operation of Dominion and provincial premiers. Given this cooperation, there could, he thought, be a national scheme of debt conversion implying "the policy of equality of sacrifice which was accepted in Australia and Great Britain."

Papers Censor Ads; Reject Easy Millions

Vigorously attacking those "unfair critics" who "seek to discredit advertising without regard to the truth," the National Better Business Bureau declared recently in New York that reputable publishers sacrifice millions of dollars annually in rejected advertising copy which fails to measure up to the standards they have set for the protection of their readers.

The bureau asserted that it had ascertained that "twelve publishers alone during the past seven years have rejected more than $2,250,000 in advertising revenue because it failed to meet their requirements.

"A single concern which publishes several periodicals declined $1,000,000 worth of copy in this period. Another publisher rejected more than $300,000 in revenue and one magazine alone turned down almost as much. Considering how few the publishers submitting figures are in comparison with the total number of publishers and also how much additional copy might have been offered to them were not their standards so well known, it is evident that publishers sacrifice millions of dollars annually to protect their readers," the report concluded.

In the Mail

Railways and Wheat

Editor, The Financial Post:

The paper is very good.

If you are sincere in your talk of the overbuilding of the railroads, take another look at the question and not from the Toronto angle alone but remembering that some of us have knowledge of conditions under rail monopoly and do not like it.

When normal times come again we will need every foot of our railways and some more.

Again remember that the countries who do not want our wheat at present will have to soon for the same reason that they had to before. Don't be obsessed with the idea that we are always to be in the doldrums. The West went through as hard a test in the nineties with debts, interest, mortgages and just as heavy, comparing the population, as now. The greatest difference is we were allowed to work our own way out and were not hampered by many well meaning but misguided persons who desired to help but did not know quite the right kind of help we needed.

I think this is the first time I have ventured to make you suggestions and I appear to have made up for past omissions. Hoping the new year will show you the error of your ways.

DOCTOR

Regina, Sask.

When Windsor Borrows Again

The Editor, The Financial Post.

In view of the extremely drastic proposals of the Windsor Finance Commission and the possible effect on other Ontario municipalities if these proposals are allowed to go through, might I suggest that you review editorially the attitude of future investors when these municipal authorities again are seeking capital loans.

This present economic phase of low security yields is only temporary and as surely as the day follows night, interest rates will again reach ceiling levels.

Will borrowers then seek long term loans at five per cent or six per cent interest and guarantee this rate of interest during the term of the loan or will they say to the investor: "Of course this rate is not a fixed one and if conditions at any future time resemble those of 1935 we shall, if we choose, write down the principal amount of these our obligations or we shall certainly reduce the interest rate as and when it suits?"

I suggest to Mr. Croll, and those who are endeavoring to reduce municipal expenditures by mulcting only the investor, that while man's memory is invariably short it can be extremely long in its remembrance of such unscrupulous treatment. Perhaps these same municipal authorities are figuring that as they borrowed so prodigiously in recent years they will be able to carry on for many years with capital loans no longer a necessity.

L. W. TAYLOR,

Westmount, P.Q.

As Others See Us

High Taxes Injure Enterprise

St. Catharines Standard

The Financial Post this week presents a typical case of how industry, enterprise and employment are injured by the ever-growing burden of taxation.

It is fair to recall the pre-election promises of Premier Hepburn in the light of what is happening in the province. There was a direct promise to cut the cost of government in half. Instead of that, revenues are being doubled, and in some cases tripled. And more taxation is to come. To the very extent that this is done, to the same degree is the development of industry which will make for greater employment retarded and the spending power of the people diminished. The very point made by The Financial Post has been stressed time and time again by The Standard.

This Is Simply Default

Ottawa Journal

The city of Greater Windsor was constituted last year out of the municipalities of Walkerville, Windsor, East Windsor and Sandwich. The merger was considered necessary because of the financial straits of three units in it. Walkerville was a dissenting party, and Walkerville now resists a proposal for a partial default of the border city's indebtedness.

A finance commission named by the Ontario Government has reported on this debt. It recommends an adjustment that would wipe out 33.4 per cent of the outstanding principal, fund the remainder at a lowered interest rate over 45 years, and whether this proposed repudiation of debt is called adjustment or default the bondholders lose their money just the same.

The Financial Post says the terms suggested are worse than the most unfavorable terms bondholders had feared, and declares they will not accept such a confiscatory measure. The Post agrees that general conditions have had something to do with the situation, but adds that to a major extent "the Windsor bankruptcy is due to the improvidence and extravagance in the past of those in charge of the city's affairs."

Other Ontario municipalities have a very direct interest in the Windsor debt scheme. If it is forced upon bondholders the credit of every municipal government in this province is bound to suffer, because it would create confusion and uncertainty in the mind of capital. Repudiation is an ugly word, and Ontario should seek its fancied aid with extreme caution.

How Could You, Colonel?

Fergus News-Record

There is a danger that the weekly newspaper business will be swamped by a rush of young and ambitious applicants for interesting jobs. If that happens, it will probably be the fault of Col. J. B. Maclean, of the MacLean Publishing Company. He wrote an editorial in The Financial Post at the time of the death of M. A. James, of Bowmanville, which was a well-deserved tribute to the late Mr. James. But Col. Maclean did not stop there. He went on to pay a compliment to the newspapers of the province. In fact, he said that the three greatest assets of any community were its clergy, its teachers and its editor-owned newspapers. (He didn't add that none of the three were ever known to get rich at these jobs.)

The Colonel reaches the peak of his article when he says: "I know of no more interesting career for young men and women, anxious to serve and to aid in the development of their country than the editorship of a community newspaper." Col. Maclean, as it happens, went from Wellington county, being the son of a minister in Puslinch township. He declares that editors of successful community newspapers are welcome if they come looking for jobs around his plant, which is always a nice thing to know, but we, for one, prefer the comparative independence of a small-town paper.

Individual Investment Requirements

No two persons have quite the same circumstances or obligations to consider in managing their investment affairs. It is the aim of this organization to make such investment suggestions as will best suit the specific requirements of individual clients.

Inquiries are invited at our Branch nearest to you

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

Investment Income

An adequate investment return is difficult to obtain to-day. Upon request we shall be glad to send you a list of selected investments to give you a yield of 5%.

McLEOD, YOUNG, WEIR & CO.
LIMITED
Metropolitan Building, Toronto
Telephone: Elgin 0161
Ottawa Montreal London Hamilton

G. S. HOLMESTED
Licensed Trustee in Bankruptcy
Liquidator, Receiver, Etc.
McKINNON BUILDING - TORONTO, ONT.

LEIPZIG FAIR

Buyers and sellers from every country meet at Leipzig, Germany. Exhibitors from all countries representing every industry. Unique opportunity for buyers seeking merchandise to sell at a profit. Registered mark travelling-cheques and 60% fare reduction on German railways permit of reduced travelling costs. For full information write L. Mueller Hickler, 1178 Phillips Place, Montreal.

SPRING FAIR — MARCH 1ST TO MARCH 9TH, 1936

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning and operating mills at
Beaupré, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

from **Rags to Riches**

THE LOWLY RAG, it is interesting to note, enters the realm of business in a most important way. It finds itself greatly in demand for the making of the highest grades of safety paper on which is printed financial documents and documents "representing" money. Not only does such safety paper practically defy illegal manufacture—but it provides a surface which reflects all the clearness of detail of the intricate designs and patterns which, for the sake of beauty and safety, are used in the engraving of stock and bond certificates, postage stamps and all money "tokens". When you are in need of any such work will you be good enough to write us?

EXPERT and EXPERIENCED Engraving and Printing of
Bank Notes
Bonds
Debentures
Stock Certificates
Cheques
Drafts
Postage and Revenue Stamps and other Monetary Documents

CANADIAN BANK NOTE COMPANY
Limited
HEAD OFFICE and WORKS OTTAWA
BRANCH OFFICES TORONTO MONTREAL

Week in Business

Failures at Low Ebb in 1935

* * * *

Mopping-up Year Expected in 1936

* * * *

First Quarter Outlook Shows Hesitancy

Figures compiled by Dun & Bradstreet of Canada, Ltd., show 1935 as one of the cleanest years in almost two decades as far as commercial failures are concerned. The final tabulation shows a total of but 1,405 failures, a drop of 14 per cent from 1934 and 40 per cent less than in 1933. Liabilities of those who failed are lower by 30 per cent at $14.5 millions. The nearest comparable figures are those for 1919 when total failures were only 755 but liabilities amounted to $16.3 millions.

Looking back over the record, an outstanding feature was the large number of bailiff sales during the year. In other words those who failed were for the most part at such a low ebb that there was little or nothing for anyone except the landlord. There probably would have been more failures except that scores of firms who had weathered the storm so far, were carried a little farther in the hope that the corner could be turned with improving business.

Another feature of the year was that 1935 followed several years of substantial business bankruptcy and since there had been but little incentive for new firms to start in business during those years there was little by way of new-crop failures to add to the slower weeding out liquidations. An accepted rule of thumb is that only 5 per cent of those who start in business eventually succeed, which means in normal times a steady crop of "young" business failures.

* * * *

Looking ahead to 1936 there is a strong possibility that it may be a "mopping up" year as far as commercial fatalities are concerned. For there are still a number of derelicts left along the road which have not been cleaned out of the way.

* * * *

Looking at first quarter prospects generally, signs of hesitation can be expected until matters now under advisement are more clearly defined. Thus the new year is bringing scores of adjustments large and small necessitated by the Canada-U.S. trade pact and the Japanese trade settlement. This is bound to have an effect on industrial operations until the strength of new competitive forces can be gauged. Then, too, there are several important deliberations under way at Ottawa which have already had a retarding influence on production and sales. Most notable is the tariff board enquiry into the automotive industry which has already disturbed both the new and used car picture throughout the country as buyers weigh the possibilities of lower car prices after the Dunning budget.

Even in the United States there are indications of mid-winter hesitancy, leading Alexander Dana Noyes to remark last week in the New York Times that there is little as yet to measure the trend in January and "it is altogether probable that something new will have occurred as it usually does before the month is over and that financial sentiment and financial markets will more or less take their cue from that." As to just what he expects to happen, he gives no inkling.

Business Indicators

Changes of the Week

(Compared with the same period last year)

Favorable:

Wheat Flour Exports—Continued in December the favorable showing of the previous month. The calendar year total is still below 1934.

Other Gains—Carloadings and gross railway earnings.

Unfavorable:

Wheat Exports—Slightly lower than a year ago. Reflects uncertainty which surrounded delay in appointment of a new wheat board.

Leading Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

WEEKLY DATA	Latest 1936	Latest 1935	Cumulative Total Jan. 1 to date 1936	Cumulative Total Jan. 1 to date 1935
Transportation—				
Car loadings (Jan. 4)	▲34,458	33,917	......	......
C.P.R. gross earn. (Jan. 7)	$ ▲2,016,000	$ 1,847,000	......	......
C.N.R. gross earn. (Jan. 7)	$ ▲2,584,318	$ 2,436,587	......	......
Business Conditions—				
Weekly index D.B.S. (Jan. 4)	▲98.6	102.0	......	......
MONTHLY DATA	**1935**	**1934**	1935	**1934**
Business Conditions—				
Financial post index (Nov.)	106.7	98.1	......	......
Transportation—				
C.P.R. net earnings (Nov.)	$ 3,455,408	$ 3,441,828	$ 19,091,510	$ 21,212,614
C.N.R. net revenue (Nov.)	$ 2,335,158	$ 1,700,014	$ 12,130,957	$ 11,651,947
Iron and Steel (Nov.)—				
Pig iron production (tons)	64,562	38,968	529,147	364,631
Steel ingots and castings prod. (tons)	93,300	57,050	836,020	700,187
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (Nov.)	3,180	1,155	77,602	59,854
Factory output (Nov.)	12,042	1,052	128,311	90,204
Trucks and Buses:				
Domestic sales* (Nov.)	805	556	16,729	11,322
Factory output (Nov.)	1,454	645	30,848	23,954
Exports (Nov.)	6,820	622	62,281	44,011
Construction—				
Building permits (Nov.)	$ 3,315,001	$ 2,622,534	$ 43,846,688	$ 24,935,704
Contracts awarded (Dec.)	$ 4,364,900	$ 6,062,200	$ 160,305,000	$ 125,811,500
Newsprint (tons)—				
Production (Nov.)	262,854	240,869	2,508,557	2,358,097
Exports (Nov.)	244,037	221,553	2,297,244	2,154,471
Sugar (lb.)				
Melting & shipments§	97,102,444	59,114,346	813,173,926	748,456,751
Manufactured§	137,439,534	105,306,254	891,945,739	818,790,114
Flour (bbls.)				
Production (Nov.)	1,603,803	1,703,831	13,251,583	13,701,857
Wheat flour exports (Dec.)	▲443,828	340,751	4,881,057	5,053,732
Trade (November)—				
Retail trade (index no. of sales)	72.2	69.9	......	......
Imports	$ 55,958 033	$ 49,884,153	$ 511,745,369	$ 474,362,249
Exports	$ 84,114,990	$ 65,124,512	$ 660,874,657	$ 592,037,005
Wheat exports (bush.) (Dec.)	▲17,043,882	17,336,206	165,173,111	167,912,369
Employment, D.B.S. **Index (Dec. 1)**				
All industries	104.6	98.9	......	......
Manufacturing	101.4	91.3	......	......
Electric Power Output (Nov.)				
Total monthly (000's omitted)	2,143,314	1,953,512	21,247,884	19,106,590
Aver. daily	71,444,000	65,117.000	......	......
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (Nov.)	121,444	120,536	2,225,518	1,269,364
Boot & shoe prod., pr. (Nov.)	1,706,149	1,316,118	20,146,700	17,321,807
Crude petrol, imp. gal. (Nov.)	137,399,424	124,044,284	1,101,150,914	1,027,544,508
Cotton imports, lb. (Nov.)	13,814,244	18,477,832	98,439,717	124,874,268
Raw rubber imp., lb. (Nov.)	9,832,033	3,511,869	54,443,678	57,320,442
Coal imports, tons (Nov.)	1,360,058	1,666,171	12,208,517	13,029,972
Finance—				
Bank debits (Nov.)†	$ 3,021,500	$ 3,092,200	$ 28,613,000	$ 29,826,494
Bond sales (Dec.)	$ 94,929,500	$ 46,777,239	$ 980,137,390	$ 651,763,840
Life insurance sales (Nov.)	$ 35,158,000	$ 35,863,000	$ 332,836,000	$ 342,023,000
Automobile Financing—				
Used cars (Nov.)	$ 1,036,453	$ 851,469	$ 16,975,445	$ 13,122,915
New cars (Nov.)	$ 1,249,825	$ 636,688	$ 21,132,012	$ 15,908,555

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to Nov. 30.

International Power Company
Limited

6% Secured Debentures
Due Jan. 1, 1955

A public utility security showing a wide margin of earnings over interest charges, and giving an attractive yield.

Price: 100 and interest, yielding 6%

Particulars on Request

Royal Securities Corporation
Limited

244 St. James Street, Montreal
330 Bay Street, Toronto 2

Background of Business

Rentals Move Higher

Third Advance Since 1934 — Stay High in East — Rules for Exhibition Success — Lumber Outlook

Saskatoon and Calgary retain their position as the Canadian cities with the lowest rental figures, according to a semi-annual survey conducted by the Dominion Bureau of Statistics. Rentals in both these cities are more than 30 per cent below the average for October, 1928. Highest rental figures, according to this survey, are at Amherst, N.S.

The survey shows rentals were still advancing in the last quarter of 1935 for the third consecutive time since May, 1934. At that time the rental index stood at 79.7, the lowest point since 1926. The new figure is 82.6. Largest gain in the six months period covered by the survey was in workmen's dwellings which gained 1.9 per cent. Rentals in apartments and flats were about 1 per cent higher.

* * *

Rentals Rigid in East

The rigidity displayed by rentals in the Maritimes and Quebec during the past few years was still apparent in 1935, and indexes in the East were higher on the whole than elsewhere in Canada. Increases recorded by urban centres in Ontario varied from 0.3 per cent for Port Arthur to 8.0 per cent for Oshawa and continued to be the dominant factor influencing the general trend of rentals in Canada.

Throughout the prairie provinces the tendency was upward in Saskatchewan, and downward in Manitoba, while Alberta showed an equal distribution of increases and declines. In British Columbia three centres registered higher rentals, and three lower, while one city recorded no change.

Figures for each city are shown in an adjoining table.

* * *

Department Store Future

New fuel to the perennial fire which smolders about the growth and fall of different types of merchandising has been added by a recent statement by I. A. Hirschmann, vice-president of Saks-Fifth Avenue, New York, given recently to the New York Times, in which he pointed to the inroads made by specialty shops at the top and by standardized chains at the bottom, into the business of the department store.

Mr. Hirschmann declared: "The typical department store appears destined to contract and diminish as the major factor in the merchandising picture." He said current tendencies point strongly toward specialized distribution in the future.

* * *

Divergent Views

Subsequently, the New York Times has been canvassing opinions and finds many divergent views. A staunch supporter of the department store was Edwin I. Marks, vice-president of R. H. Macy Inc., who says he has watched prophecies of this sort for 25 years and "cannot see the slightest reason for pessimism as to the future of the department store." Mr. Marks says "retail distribution is a vast field and in normally prosperous times it is probable for all forms of retailing to enjoy a healthy growth without any appreciable increase in competitive pressure.

"The department store," says Mr. Marks, "can organize to attain an efficient degree of specialization in all its many departments; its buying power and volume of selling making its prices temptingly low. When it so operates, its place in the distributive scheme is logical and its future secure.

"When it operates inefficiently it will be eliminated along with inefficient specialty stores and chain systems. Size instead of being a handicap is a true indication that the particular method employed by the large store appeals to a great many people."

Another supporter of the department is A. J. Aveton, merchandising manager of Tailored Woman. "There isn't a thing the specialty store can do that the department store cannot do and even excel in," says Mr. Aveton. "Whenever the department stores decide the time is ripe to go after the specialty store business, they will go after it and get it."

* * *

Sugar and C. & B.

The meeting of the creditors of Crosse & Blackwell (Canada) Ltd., postponed last May for eight months, is due to be held in the near future. A feature will be the report on earnings of the sugar branch of the business being operated under the name of D. B. Beamish.

It was agreed early last year that any profits made in the sugar refinery would be turned over for the benefit of the creditors. In recent weeks there has been considerable talk about competition in the Ontario market from other refiners.

It will be recalled that in June, 1934, there was a 30 per cent drop in sugar in Ontario alone and it was generally assumed this reduction was put into effect to meet the new competition of the Crosse & Blackwell refinery. But other sugar men maintain that the C. & B. operators were the first to cut the price in the form of an allowance amounting to approximately 10 cents per cwt. The Beamish refinery is reported to have made good profits during its short lifetime.

* * *

Lumber Outlook on Coast

Steady improvement in demand for lumber for Atlantic coast delivery is expected to benefit B. C. lumbermen, according to New Westminster advices. Operators are optimistic, believing that a fair demand will continue through the winter and anticipate the best spring market in years.

Inventories are smaller than at this time last year, while sales made in 1935 are in excess of those during a similar period in 1934. Profit margins have been lower as prices generally for 1935 have been below the average of a year ago.

* * *

Rules for Success

In a recent issue of Nation's Business, Washington, Herbert Kerkow looks back over 11 years in planning and handling exhibits for small and large advertisers at fairs and expositions. Mr. Kerkow sees ahead for business a renaissance of expositions due to the success of the Chicago World's Fair. Already five big shows are being planned ahead in the United States

His eleven rules for success follow:

(1) Unify your story into one main point, easily visible so that he who runs may get it.

(2) In putting over your one main point, remember the rule of the dramatist—show 'em while you're telling 'em.

(3) Let them see how your product is made, how it is used, how it is tested.

(4) Try to find a way in which science may be used to bolster your story.

(5) Advertise by not advertising.

(6) Let the visitor take part in your exhibit if possible.

(7) Make your exhibit appear busy.

(8) Lay out your exhibit so that it is flexible enough to be improved as you learn.

(9) Hire attendants and demonstrators for personality, appearance and ability to hold an audience, and not because of what they know of your product.

(10) Don't overestimate the intelligence of the public in planning your exhibit.

(11) Think of the visitor first.

* * *

Year-round Holiday

Regina's city council is planning to ask the provincial government for legislation permitting a Wednesday holiday all the year round.

At present, provincial legislation requires observance of a half-holiday on Wednesday from the beginning of April to the end of August in communities of over 7,000 people. Regina seeks a proviso that would permit any council in a community of over 7,000 population making this holiday a permanent one if it desires.

* * *

New B. C. Fish Market

From British Columbia comes news that an effort is being made by the provincial fishery department to open up new markets by sending samples of B. C. salt fish to Cuba and Peru under arrangement between the B. C. salt fish board and Canadian trade commissioners in those countries.

* * *

Manitoba Industries

Manitoba's Industrial Development Board reports 39 new industries established in that province so far this year with additions to 11 factories and 53 new lines added by manufacturers.

The greatest improvement has been shown in the needle trades both in the number of plants and volume of output. More than 1,000 persons are now employed in the manufacture of wearing apparel in greater Winnipeg. This growth is due in part at least to migration from Ontario and Quebec due to pressure from industrial and labor codes.

Second largest growth has been in the manufacture of food products, existing plans reporting increases ranging from 10 to 20 per cent over last year.

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$7.00	$7.50	$6.10
Hogs	9.50	9.50	9.10
Copper, lb.	.09¼	.09¼	.09
Cotton, lb.	.1195	.1210	.1265
Rubber, lb.	.1412	.1356	.1330
Sugar, raw, lb.	.0315	.0328	.0278
Silk, lb.	1.96	2.00	1.45
Wheat (Man.) bus.	.84⅜	.85⅝	.79¾
Coffee, lb.	.06½	.06⅜	.09⅝
Weekly Indices			
N. Y. Annalist	129.0	129.4	122.2
Fishers'	84.4	84.0	80.7
N. Y. Journal of Comm.	80.0	81.7	79.4
Crumps (Brit.)	68.7	68.8	69.9
U. S. Labor	80.6	80.4	77.1
Canada (D.B.S.)	72.8	72.6	71.6

Monthly Indices	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (Dec.)	80.8	80.6	78.9
W'sale (Nov.)	72.7	73.1	71.1
U. S. Labor (Nov.)	80.6	80.5	76.5
Gt. Brit. (Nov.)	77.2	77.4	70.0

Note: Indices on all base 1926 = 100. British index is Economist converted to 1927 base.

Base of price quotations is as follows: cattle—steers, good, over 1,050 lb., top price, Toronto; copper—electrolytic, New York; silk—Japanese, 13-15, New York; Sugar—96 degrees centrifugal c/f New York; wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; select bacons, Toronto.

Rentals

COMPARATIVE RENTAL FIGURES FOR LEADING CANADIAN CITIES
(October, 1928=100)

City	October 1933	May 1935	October 1935
Charlottetown	95.7	96.4	96.4
Amherst	102.9	98.2	98.2
Halifax	91.1	88.3	88.6
Sydney	73.2	73.2	75.2
Bathurst	95.5	95.5	95.2
Fredericton	93.5	93.5	93.5
St. John	82.9	78.0	78.0
Montreal	83.4	82.7	82.6
Quebec	80.3	81.8	81.8
St. Hyacinthe	87.6	83.6	83.6
Sherbrooke	86.1	86.1	86.1
Brantford	76.9	80.8	81.4
Brockville	96.6	96.6	96.6
Chatham	85.8	92.4	93.8
Fort William	80.5	73.8	75.3
Guelph	81.7	76.1	75.2
Hamilton	80.2	82.7	86.4
Kingston	92.2	84.0	84.4
London	85.7	93.2	94.4
Niagara Falls	76.5	73.7	75.5
North Bay	79.0	80.5	81.8
Oshawa	72.6	81.0	87.5
Ottawa	90.6	89.5	86.5
Owen Sound	80.8	78.8	80.7
Port Arthur	77.7	78.4	78.6
St. Catharines	80.2	81.4	81.4
St. Thomas	75.4	71.1	71.1
Sarnia	80.5	84.0	82.1
Sault Ste. Marie	81.5	91.1	91.1
Stratford	71.3	70.1	70.6
Sudbury	91.1	101.4	106.5
Toronto	79.7	83.1	84.3
Windsor	80.2	80.2	84.3
Woodstock	80.0	80.0	80.3
Brandon	87.9	84.1	82.4
Winnipeg	77.0	73.6	73.5
Moose Jaw	74.1	78.5	80.7
Prince Albert	83.0	85.9	86.0
Regina	72.3	76.7	79.0
Saskatoon	71.5	68.9	68.9
Calgary	67.8	67.5	68.9
Drumheller	77.3	76.8	76.4
Edmonton	82.9	80.9	80.8
Lethbridge	75.7	73.8	76.3
Medicine Hat	84.5	82.2	82.2
Fernie	69.4	70.9	70.9
Nanaimo	83.7	82.1	81.9
Nelson	82.6	81.3	85.1
Prince Rupert	81.6	75.3	75.3
Trail	72.3	78.9	78.9
Vancouver	75.6	77.8	80.8
Victoria	80.2	78.1	78.6

MARKETS BOARD FOR B. C. PURPOSES BELIEVED LIKELY

Upset of A.A.A. and Ottawa Attitude Are Factors

DECISION AWAITED

From Our Own Correspondent

VANCOUVER. — Invalidation of the Agricultural Adjustment Act by the United States Supreme Court, and the known antipathy of the King government toward controlled marketing have made it necessary for the British Columbia government to do some fast thinking.

Just what the result of this hurried meditation will be is likely to remain a secret until after the next session of the legislature, which begins February 25.

A Provincial Scheme?

It begins to look as though the government will have to work out some provincial scheme to regulate marketing and, if possible, fix prices. There is always the danger of the provincial legislation being declared unconstitutional, but B. C. law-makers will be cautious.

Awaiting Decision

Most of the province's plans depend on the outcome of the Canadian Supreme Court's decision on the Bennett agricultural marketing measure now under review, and nothing will be done, of course, until a ruling is made.

The known attitude of Ottawa, and the A.A.A. decision, have nevertheless increased the worries of those in this province who were beginning to hope that major problems of farm marketing and distribution had been adjusted.

Outright price-fixing, it is argued here, can be accomplished indirectly by a licensing system. The province might issue or withdraw licenses from business in accordance with their observance of price regulations.

The provincial government is now pressing for an interpretation of the functions of the marketing boards set up under the Bennett legislation. At present these boards have a dual rôle, as provincial and federal entities.

Leipzig Spring Fair

The annual Leipzig Spring Fair will be held March 1 to March 6 for the general sample fair, and March 1 to March 9 for the engineering and building fair.

Halifax Cargo Tonnage Records Gain During '35

From Our Own Correspondent

MONTREAL.—Port of Halifax reports an increase of 75.145 tons in cargo handled during 1935. The total tonnage for last year was 2,189,350, compared with 2,096,205 in 1934.

More ships entered and departed from Halifax in 1935 than in the previous year. Statistics show that last year 5,907 vessels passed Chebucto Head, compared with 5,513 in the year before.

C.N.R. Loaned $1.2 Million For Work on Car Shops

From Our Own Correspondent

MONTREAL. — The Dominion Government has arranged for a loan of $1.2 millions to the Canadian National Railways for repairing equipment in its shops

New Officers For Tea Bureau

Tea Market Expansion Bureau (formerly the Ceylon Tea Bureau) has appointed district commissioners for 1936 to handle publicity.

F. E. B. Gourlay continues in charge of the Bureau as Canadian Commissioner. R. C. Bingham and W. D. Jeffery are joint commissioners for Ontario. Commissioners have also been appointed for the Prairie Provinces and B. C.

Safety deposit boxes

You owe it to your business associates, to your family and to your heirs to keep valuable papers where they may be found intact in case of emergency.

Our Safety Deposit Vaults Are At Your Service

113

IMPERIAL BANK OF CANADA

HEAD OFFICE-TORONTO
BRANCHES THROUGHOUT CANADA

"QUARTERLY QUOTATIONS"

— An *Index* to Bond *Prices*

The January issue of our Publication *"Quarterly Quotations"* lists nearly 300 Canadian and Foreign Bonds.

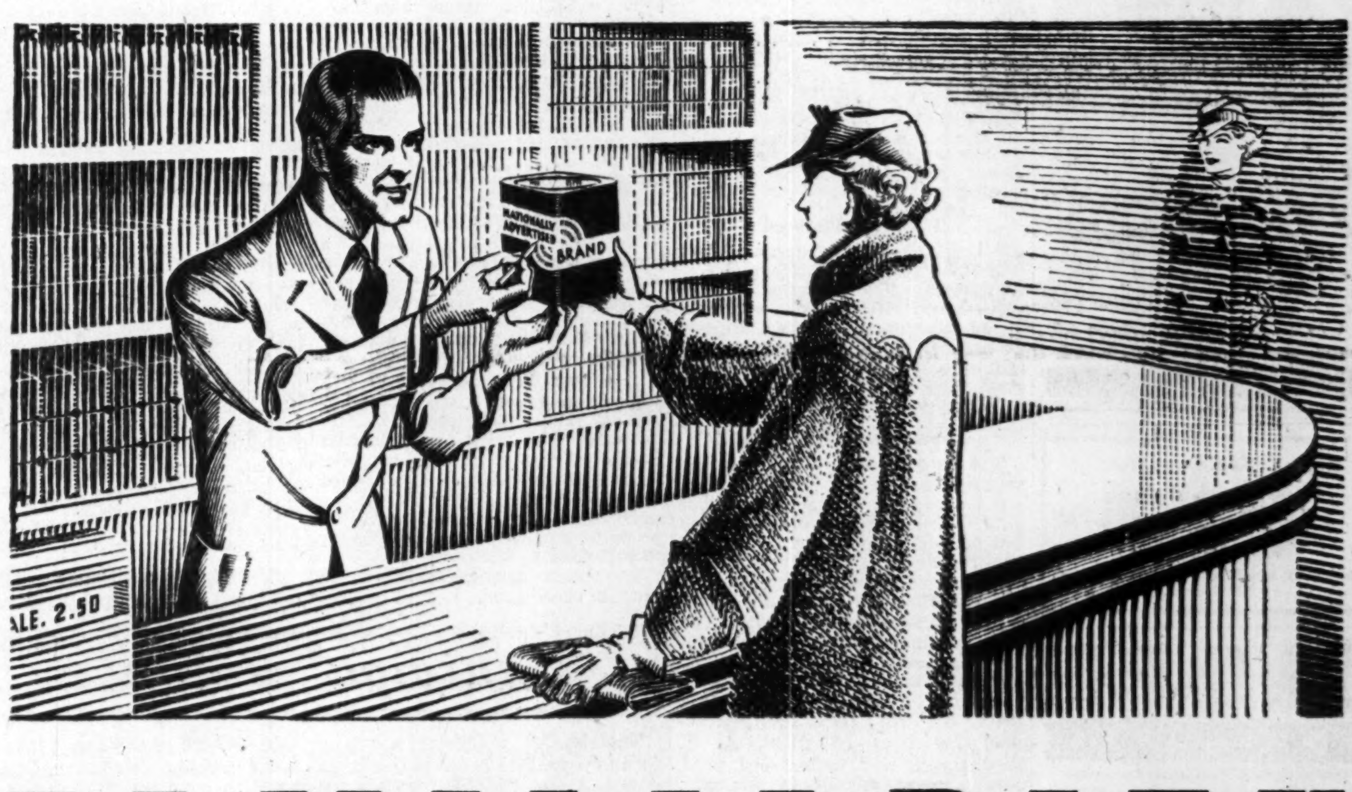
Current *bid* and *asked* prices are given, in addition to other information of value to investors in the appraisal and review of their security holdings.

A copy will be gladly forwarded upon request.

VANCOUVER
OTTAWA
QUEBEC
SAINT JOHN
MONCTON
FREDERICTON
CAMPBELLTON
CHARLOTTETOWN
HALIFAX

W. C. Pitfield & Company
Limited

235 St. James Street, Montreal
80 King Street West, Toronto



FAMILIARITY
BREEDS CONFIDENCE

THE SPECIAL EDITORIAL FUNCTION of a national magazine is to entertain, instruct and improve. Its special advertising function is to build prestige, reputation and consumer acceptance for a product in the "able to buy" homes from Halifax to Vancouver.

That Canada's leading magazines are successful in this double function is apparent in the following:

- *In 1925 the total circulation of Canada's leading magazines was 222,340.*
- *In 1935 that circulation rose to 989,706.*
- *In 1935 the advertising investment in the leading national magazines of Canada was $1,328,087 more than in 1925.*

MAGAZINE READERS are educated readers. They buy what they know to be good merchandise. They are brand conscious—knowing that a familiar trademark is a guaranty of far better value than anonymous merchandise. Because they are aware that the magazine itself exercises censorship over advertising in its pages—because they believe that manufacturers who use magazines consistently stake large sums and their reputation on the quality of their products—they place implicit confidence in the goods advertised in magazines.

That is why magazine advertising creates prestige and reputation—why it establishes behind your product a background of value and desire. *The magazine surrounds your advertising with quality, then takes it straight to the most active purchasing markets of Canada where goodwill and confidence prompt a buying response unrivalled by any other class of people.*

Maclean's Magazine • Chatelaine • Canadian Magazine
National Home Monthly • Canadian Home Journal
PROVIDE A NATIONAL COVERAGE ACROSS CANADA

Caribbean CRUISES VIA m/s Lafayette
LEAVING FEBRUARY 7 & 28
St. Pierre - Fort-de-France
Trinidad - La Guayra - Cartagena
Cristobal - Kingston
5192 miles in 17 days. $200 up.
LEAVING MARCH 20, APRIL 3
Nassau - Kingston
Port-au-Prince - Bermuda
3641 miles in 11 days. $135 up.
Free information from your travel agent or
French Line
1196 Phillips Place
Montreal - MA. 2361

CLOTHES INDIVIDUALLY TAILORED
For Centuries THE MARK OF THE GENTLEMAN
THE RIGHT CLOTHES FOR SOUTHERN SPORT AND SOCIAL WEAR
We are now showing an individual selection of:—
SPORT TWEEDS
With Trousers to Blend
ALSO
SUMMER TUXEDOS
IN WHITE OR PASTEL SHADES
With Cummer-Bund
TO BE WORN WITH
Dress Trousers, Soft Shirts and Black Ties
For Style and Ease Come to
Levy Bros.
69 W. King St., Toronto

Winnipeg's Newest Hotel
The Marlborough
In the Heart of the City
Fireproof Construction
European Plan
Rates in Keeping with the Times
220 Rooms

GLOBE ENVELOPES
Makers of Well Gummed Envelopes
560 ADELAIDE STREET WEST-TORONTO

R. K. WILLIAMS AND ASSOCIATES
Industrial Engineers
Consultants in Business Organization and Management
907 Royal Bank Bldg.
TORONTO
WAverley 3520

TOOLE, PEET & CO. LIMITED
FINANCIAL AGENTS
Appraisers and Valuators
Estates Managed
CALGARY CANADA

A. J. PATTISON Jr. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank—EL. 5101
TORONTO

Canadian Pacific Express Travellers Cheques Are World Currency
Carry them on your next trip and be assured of travel comfort.
Get them from any agent of the Canadian Pacific & most Banks

Burdened With Responsibilities
It is unfair to your friends or relatives to burden them with the responsibility of managing your Estate. This responsibility placed in the hands of a Trust Company, where an especially trained personnel lends its accumulated knowledge and experience to the management of the Estate, constitutes the greatest safeguards for your heirs.
MONTREAL TRUST COMPANY
61 Yonge St., Toronto
J. F. HOBKIRK, Manager

Some Western Municipalities Hold Excellent Financial Positions

Red Deer Has Best Record—Edmonton, North Battleford and Regina Reviewed

While western Canada has suffered more severely from the depression than other economic areas, many municipalities have been able to maintain their credit standing by cutting expenses to fit reduced tax income. In a number of cases debenture debt has been reduced.

The relatively good record of these municipalities is due to several factors. The principal factor, as in other parts of Canada, has been good management. Most of the municipalities have been fortunate in having administrations that realized the benefit of running things by sound business principles.

Supervision by provincial authorities has also been a factor. Western provinces have exercised a greater degree of control over municipal affairs than Ontario, for instance.

The record of four well- balanced western cities is reviewed below:

Red Deer

Red Deer, Alta., boasts one of the best financial records of any city or town in Canada.

With a reduction in debenture debt, a surplus of revenue over expenditures, a credit balance in the bank and no new debentures reported as recurring features of the city's financial statements in recent years, Red Deer enjoys a financial position of which its citizens may be justly proud.

Few municipalities in Canada are able to say that they have operated on a "pay-as-you-go policy" since 1926. That is what Red Deer has done. It has, in fact, made only one debenture issue since 1916, that being for $85,000 in 1926.

Has Annual Surplus

Actually, the city has more than paid its way. This is shown by the fact that it has a credit balance with its bank, and has in recent years had a surplus of revenue over expenditures. At the end of 1935 the city's credit balance at the bank amounted to $28,948. This was added to in 1935, the estimated surplus for the year being $3,000.

While most municipalities have been increasing their indebtedness, Red Deer has been accomplishing the opposite. Since 1916, when the city's total debt amounted to $456,094, there has been a reduction of $398,197, leaving a net debt of $57,896 at the end of 1934. This latter figure is after deduction of cash on hand and of debentures issued for construction of the city's electric power plant, which is self-sustaining.

Tax Rate Reduced

All this has been accomplished without neglect of public services. At the same time both the assessed value of property and the mill rate have been reduced. In 1924, the city's assessment was $1,576,995 and the mill rate 58. Last year, the assessment was $1,361,375 and the mill rate 41 mills.

Commission Government

The success which Red Deer has accomplished in the field of municipal finance can be attributed not only to the character of its citizens but also to its commission form of government. Red Deer has operated under a commission form of government since 1907, six years before it was incorporated as a city. The mayor and secretary-treasurer are commissioners and perform all the administrative and executive duties, the council acting as an appropriate legislative body. As secretary-treasurer for over 26 years, A. T. Stephenson, who retired last year, was a commissioner of the city. His careful management, sound advice and wide knowledge of municipal affairs have been mainly responsible for the city's healthy financial standing.

Edmonton

Edmonton is one of the soundest and best managed of the larger municipalities in Western Canada.

Since 1925 there has been almost continuous reduction in the city's funded debt, the reduction amounting to $3.9 millions. Since 1929 there has been a drop of $2.3 millions, the net debenture debt in 1935 amounting to $21.4 millions. Gross debenture debt amounts to $32.4 millions and sinking fund to $10.9 millions. If the revenue producing debt of the public utilities and local improvements is eliminated, the net general debenture debt totals only $14.5 millions. In addition to this, however, the city has a substantial bank loan and a special loan of $1,250,000 on treasury bills issued to the provincial government.

Every effort is being put forward by the civic administration to keep expenditures at a minimum, and to reduce the tax rate. In 1934, it was found necessary to raise the mill rate from 50 to 64 mills as a result of a sharp drop in the assessed value of property. In 1935, the tax levy was reduced by $662,000, the mill rate dropping to 55.

Tax Collections Better

The lower mill rate, earlier collection dates and a more equitable distribution of payments throughout the year resulted in a marked improvement in tax collections in 1935. Despite the lower rate, total collections were higher than in 1935, there being a marked increase in payments of both current taxes and arrears. Total collections amounted to about 104 per cent of the levy as compared with 90 per cent in 1934. Few cities in 1935 had collections in excess of the levy.

Edmonton's 1935 accomplishment is an indication of what can be achieved by a drastic reduction of the budget and tax rate. Edmonton budgeted for a deficit of $142,000, but tax collections were such that this amount was more than provided for. There is another item, however, that was not included in the 1935 budget. This was the money required for the sinking fund on short term loan consolidation debentures. The charter permits the payment of this money out of arrears of taxes that may be collected during the year. If the sum of $180,000 required is taken from the taxes collected, the current deficit will not be covered by the surplus of the levy.

Utilities Show Profit

Edmonton operates five public utilities and in the operation of these has one of the best records of any municipality in Canada. It operates its own power plant, electric distribution system, telephone system, waterworks and street railway. All of these are operated at a profit, which, during the adverse times of recent years, has been an important factor in enabling Edmonton to meet its obligations. The estimated profit for 1935, after deducting debenture and depreciation charges, is $900,000. Aggregate net surplus produced by the utilities since inception is approximately $7.8 millions.

Sinking Fund Experience

While the report of the sinking fund trustees shows a surplus of over $8,000 after making provision for an investment reserve of $300,000, the city has had a rather unfortunate experience in regard to its sinking fund investments. At the end of 1933, $1.5 millions of the securities held were in default.

North Battleford

The application of sound business principles to the administration of its affairs has enabled North Battleford to keep its budget fairly well balanced and to cut its net debenture debt in half since 1914.

A town of about 6,000 inhabitants situated at the junction of the North Saskatchewan and Battle Rivers, 573 miles west of Winnipeg, North Battleford, like other western municipalities, has suffered from the drop in farm income in Western Canada. It has, however, maintained an excellent financial position and at the present time enjoys an enviable credit rating as compared with many Saskatchewan municipalities. The city is a divisional point of the C. N. R. and a distributing centre for the mixed farming country of northwestern Saskatchewan.

Reduces Debenture Debt

In 1914, the city had a net debentture debt of $1,078,740. By the end of 1924 this had been reduced to $891,235 and at the beginning of 1935 to $529,358. Gross debenture debt at Jan. 1, 1935, totalled $1,030,101 but against this a sinking fund of $501,743 had been accumulated. There is a surplus of $37,000 in the sinking fund.

While the total debenture debt at the end of 1934 was $1,031,102, only $624,402 of this amount was a charge upon the city's taxes. Included in the former figure is $406,700 of public utility debentures. Since the utilities operate at a profit, these debentures are not a direct charge upon the city's tax income. Net debenture debt after deduction of public utility bonds and sinking fund amounts to only $274,810.

Tax Rate Lowered

While many cities have found it necessary during the past decade to increase their tax rates, North Battleford has done the opposite. Since 1924 the mill rate has dropped from 48.39 mills to 45 mills. At the same time the assessed value of property has fallen from $3,798,461 to $3,244,983.

The city's tax collections have always been good, current collections amounting to over 80 per cent of the levy. Tax arrears at Dec. 31, 1934, amounted to 61 per cent of the levy.

Regina

Regina, the capital city of Saskatchewan, is an excellent example of what can be accomplished in the realm of civic administration under the most adverse of conditions if sound business principles are applied.

Despite the fact that it has suffered more from the depression than most Canadian cities it has been able to meet its obligations and present indications are that as a result of improving business in Western Canada it will soon restore its credit rating to its previous high level.

In 1929 Regina was one of the most promising municipalities in Western Canada. There had been a succession of good crops at high prices and the city was attracting branch plants of eastern industries.

This picture, however, was altered by the depression. Wheat prices crashed. Real estate values dropped. Factories closed down, it being more profitable to serve the reduced demand from eastern plants. This was followed by four years of crop failure.

Reduced Expenses

Faced with a substantial reduction in its tax income as a result of this situation, the city had to cut its expenditures to the bone in order to meet its obligations and to balance its budget. In recent years a small surplus has been shown. It was necessary, however, to capitalize a substantial portion of its relief costs.

Tax collections have been far from good. Tax arrears have piled up. At the end of 1934 tax arrears amounted to $2.1 millions as compared with a levy of $2.4 millions. Uncollected current taxes in 1934 amounted to 42 per cent of the levy. During 1935 collections improved.

Debenture Debt Down

While the city has found it necessary to capitalize a large part of its relief expenditures, other capital expenditures have been kept at a minimum and as a result the city's debenture debt decreased from 1932 to 1935. Net debenture debt at the end of 1934, after deduction of sinking fund of $6.3 millions, was $11.4 millions as compared with $12.1 millions at Dec. 31, 1932.

As regards sinking fund the city has a good record. The net assets of the fund at the end of 1930 were $4.4 millions, and after redeeming $787,832 of city debentures in the meantime, the assets increased to $6.4 millions at the end of 1934. Since appointment of trustees the sinking fund has returned to the city $817,000 of surplus earnings, and at the end of 1934 had an investment and deferred profits reserve of $388,000. It should be pointed out, however, that in the past few years substantial amounts of the city's own bonds have been sold to the sinking fund.

The city operates its own waterworks, electric light system and street railway. These are a profitable source of revenue, a surplus being shown annually after debentture and depreciation charges.

NOTE—This is the last article of the series on municipal bright spots.

Municipal Finances

Thorold, Ont., will report a surplus for the year 1935. In the period from Jan. 1 to Dec. 14, 1935, receipts exceeded expenditures by $33,570. Revenue amounted to $259,314 and expenses to $225,743.

* * *

Port Arthur report an improvement in tax collections in 1935. Current taxes collected amounted to $862,943 and total collections to $1,061,740. Current taxes collected were equivalent to 83.525 per cent of the levy and total collections to 102.76 per cent as against 83.3 per cent and 96 per cent respectively in 1934.

* * *

Brandon, Man., tax collections showed a marked drop in 1935. In the 11 months ended Nov. 30, only $409,602 out of a total of $484,780 budgeted for 1935 had been paid. This compares with collections of $481,687 in the corresponding period of 1934. Revenue from the waterworks department was also lower.

* * *

Winnipeg reduced its debenture debt in 1935 by $1.4 millions and at the same time increased its sinking fund by $1.5 millions. The city's funded debt now stands at $64.8 millions, against which a sinking fund of $32.5 millions has been accumulated. An improvement in tax collections was experienced by the city in 1935.

* * *

Regina public, separate and high school boards improved their position in 1935. As a result of better collection of taxes each board was able to reduce its bank loans, the reductions totalling $80,000.

* * *

Pembroke, Ont., in default, reports that tax collections in 1935 amounted to over 98 per cent of the year's levy. Of this amount, however, only 73 per cent is credited to the current roll, the balance being arrears and interest.

* * *

Calgary has obtained a cut in the interest rate on its bank borrowings. Interest on current borrowings and on waterworks debentures account has been reduced by one half of one per cent. It is estimated that this will result in a saving of $15,000 annually on interest account.

* * *

Edmonton stands to lose $234,550 if the Windsor debt adjustment plan is approved. The city's sinking fund holds $473,000 of the debentures of the four municipalities involved, made up as follows: Sandwich, $240,000; Windsor, $133,000; East Windsor, $87,000 and Walkerville, $13,000.

* * *

Brantford, Ont., sinking fund will not be affected by the Windsor debt adjustment scheme although the city holds $60,000 of the bonds involved. Being in default in 1933, the bonds in question were transferred to a special reserve. The city has a surplus in sinking fund account.

* * *

Saskatoon has been granted permission by the Local Government Board of Saskatchewan to withdraw $150,000 from the excess earnings of the sinking fund. The sinking fund still has a surplus of $204,000 over requirements.

* * *

Lindsay, Ont., had a deficit of $11,000 in 1935 according to preliminary estimates. In the past four years, its debenture debt has decreased by more than $260,000.

* * *

St. Boniface, Man., has authorized the issue of $38,000 of four per cent 20-year installment debentures to the provincial government to cover the city's share of the cost of the Greater Winnipeg sewage disposal plant.

* * *

London, Ont., collected $2,954,831 in 1935 out of a total tax roll of $3,660,682. This is current collection of 80.7 per cent of the levy, which is slightly below the 1934 figure.

* * *

Ottawa reports that 1935 current taxes were collected to the extent of 86.23 per cent. Total receipts at $7,137,348 were $126,768 higher than in 1934. Tax arrears were reduced by $57,289 to $1,458,879.

* * *

Prince Albert, Sask., collected about $20,000 more in current taxes in 1935 than in the previous year. Tax rates were virtually the same for the two years. General revenue from other sources was also higher.

* * *

Tillsonburg, Ont., current tax collections in 1935 amounted to $80,006 as compared with $62,361, the increase being largely due to an advance in the tax rate. Collections of current taxes were equivalent to 93.45 per cent of the levy as against 93.4 per cent in 1934. The bank overdraft at the year-end was $1,300.

* * *

Stratford, Ont., total tax collections in 1935 totalled $690,009, equivalent to 101.05 per cent of the levy as compared with 97.3 per cent in 1934.

* * *

Sarnia materially improved its financial position during 1935. At the present time the city's debenture debt is the lowest it has been since 1929 and its bank borrowings are below those of any year in the past 10 years. Tax collections in 1935 were $15,564 higher than in 1934. Current taxes collected amounted to 74.25 per cent of the roll as compared with 70.9 per cent in 1934.

These bonds having all been sold this advertisement appears only for purpose of record.

Refunding Issue

$10,000,000

Montreal, Light, Heat & Power Consolidated

FIRST MORTGAGE AND COLLATERAL TRUST
3½% TWENTY-YEAR SINKING FUND BONDS

To be dated February 1st, 1936 — **To mature February 1st, 1956**

Principal and semi-annual interest (August 1st and February 1st) payable in lawful money of the Dominion of Canada, at the principal office of the Royal Bank of Canada in the Cities of Montreal or Toronto, Canada. Redeemable as a whole or in part, at the option of the Company, at any time on thirty days' notice, at par plus a premium of 3% on February 1st, 1941, or at any time prior thereto, the premium decreasing ¼ of 1% each twelve months' period thereafter up to and including that terminating on February 1st, 1952, and at par on February 2nd, 1952, and thereafter prior to maturity, together in every case with accrued interest to the date of redemption. The Company will covenant to make annual Sinking Fund payments, commencing February 1st, 1942, sufficient to retire not less than one-third of this issue by maturity. Definitive bonds will be of $1,000 denomination, in coupon form registerable as to principal only, and of $1,000 denomination and authorized multiples thereof, in fully registered form.

MONTREAL TRUST COMPANY, MONTREAL, *Trustee*

IN THE OPINION OF COUNSEL, THESE BONDS WILL BE A LEGAL INVESTMENT FOR LIFE INSURANCE COMPANIES UNDER THE CANADIAN AND BRITISH INSURANCE COMPANIES' ACT, 1932.

THE COMPANY

Montreal Light, Heat & Power Consolidated was incorporated under the laws of the Province of Quebec in 1916 to consolidate under one management certain public utility companies, the oldest of which was formed in 1836.

The Company operates a public utility system which supplies all the gas, electric light and power requirements of Greater Montreal. The territory served has a population of approximately 1,300,000, or over one-tenth of that of Canada.

GROWTH OF BUSINESS AND CUSTOMER RELATIONS

The following tabulation shows the growth of the volume of the Company's business, customer ownership and the continuous rate reductions which have been to the mutual benefit of all parties.

Year	Primary power electrical output (in thousands of k.w.h.)	Gas output (in thousands of cubic ft.)	Number of Customers	Customers owning Company's shares or debentures	Domestic service rates per k.w.h.
1905	93,453	1,010,207	12,191	......	12.75
1915	349,642	2,547,040	65,476	......	6.00
1925	1,175,785	4,663,423	187,284	5,026	3.50
1935	1,429,425	5,156,131	266,662	38,522	2.52*

*Energy charge with successive reductions for larger consumption reducing to 1.8 cents per k.w.h. consumed in excess of 70 k.w.h. and 0.9 cents per k.w.h. consumed in excess of 200 k.w.h.

CAPITALIZATION

The outstanding capitalization of the Company as of December 31st, 1935, adjusted to reflect the creation of the First Mortgage and Collateral Trust Bonds, the delivery of this issue and of the "2½% Series" bonds, aggregating $5,000,000 principal amount, which will be issued at the same time and the retirement of $27,615,000 outstanding First Refunding and Collateral Trust Bonds, due 1951, which are being called for redemption on April 1st, 1936, is as follows:

		Outstanding
Funded Debt—		
First Mortgage and Collateral Trust Bonds (Total authorized amount, $150,000,000.)		
"2½% Series" due Feb. 1, 1937	$1,000,000	
"2½% Series" due Feb. 1, 1938	1,000,000	
"2½% Series" due Feb. 1, 1939	1,000,000	
"2½% Series" due Feb. 1, 1940	1,000,000	
"2½% Series" due Feb. 1, 1941	1,000,000	
"3½% 20-Year Sinking Fund" due Feb. 1, 1956 (this issue)	10,000,000	
		$15,000,000*
3% Convertible Debentures due July 1, 1939 (Total authorized amount, $30,000,000.)		$26,823,550
Capital Stock (Total authorized amount, 10,000,000 no par shares.)		4,489,181 shares

*Interest requirements $475,000 for year ending February 1st, 1937, reducing $25,000 per year thereafter until the 2½% Series Bonds are retired, then $350,000.

EQUITY

The First Mortgage and Collateral Trust Bonds will be the senior obligations of the Company, ranking ahead, as to security, of the outstanding $26,823,550 principal amount of 3% Convertible Debentures. These Debentures and the 4,489,181 outstanding shares of Capital Stock of the Company, at current prices on the Montreal Stock Exchange have an aggregate market value of over $165,000,000. Dividends have been paid continuously since the formation of the Company.

EARNINGS

The earnings of the Company for the years ended December 31st, 1931–1934, inclusive, and the estimated earnings for the year ended December 31st, 1935, are as follows:

	1931	1932	1933	1934	1935
Earnings	$25,410,776	$24,783,066	$23,766,431	$24,273,719	$24,042,327
Operating Expenses	7,880,825	7,758,773	7,679,135	8,136,688	8,162,319
Taxes	1,719,657	1,771,523	1,760,809	2,065,659	2,380,790
	$ 9,600,482	$ 9,530,296	$ 9,439,944	$10,202,347	$10,543,109
Net Earnings available for Interest	15,810,294	15,252,770	14,326,487	14,071,372	13,499,218
Interest	3,502,295	4,021,933	3,886,576	3,658,782	3,347,201
Balance available for Depreciation and Dividends	12,307,999	11,230,837	10,439,911	10,412,590	10,152,017

These figures have been taken from the Annual Reports of the Company, which have been audited and certified to by P. S. Ross & Sons.

PURPOSE OF ISSUE

This issue is being made for the purpose of providing part of the funds required for the redemption on April 1st, 1936, of $27,615,000 principal amount of outstanding First Refunding and Collateral Trust 5% Bonds, Series "A", due October 1st, 1951.

We offer these bonds when, as and if issued and received by us, subject to the opinion of Counsel as to due compliance with all legal formalities, at

PRICE: 98.50 to yield about 3.60%.

Collier, Norris & Henderson, Limited

Wood, Gundy & Company, Limited — **A. E. Ames & Company, Limited** — **Dominion Securities Corporation, Limited**
Société de Placements, Inc. — **Aldred & Company, Limited** — **McTaggart, Hannaford, Birks & Gordon, Limited**
Royal Securities Corporation, Limited — **Hanson Bros. Inc.** — **Nesbitt, Thomson & Company, Limited**
W. C. Pitfield & Company, Limited — **McLeod, Young, Weir & Company, Limited** — **L. G. Beaubien & Cie Ltée.**
Holt, Rankin & Child — **Mead & Co. Limited** — **E. Savard Ltée.**

Information contained in this advertisement has been taken or obtained from sources that we believe to be reliable. We do not guarantee but believe the statements herein made to be true.

Dryden Paper Operations Are Definitely on Upgrade

From Our Own Correspondent

MONTREAL.—The low point of Dryden Paper operations was reached during 1932. Improvement since then has been steady and continued into the current fiscal period, according to F. A. Sabbaton, vice-president, at the annual meeting of shareholders.

Mr. Sabbaton said the company's chief hope lay in improved business conditions in the western provinces. Dryden Paper has a contract with the Bates Valve Bag Co., located at Dryden, Ont., to supply all its paper requirements for the manufacture of cement bags. Another company, the Wayagamack division of Consolidated Paper Corp., has a similar arrangement for eastern Canada.

Former directors were re-elected at the meeting.

Egg Production

Reflecting the approach of a period of inadequate supplies, egg price advances have been general over most of Canada. Production reached a low level in October in all provinces with the exception of British Columbia.

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp must be enclosed. Address The Financial Post, 481 University Ave., Toronto.

International Utilities

I hold some class A stock of International Utilities. What do you consider are the prospects for the company?

International Utilities class A stock is still in an indeterminate position. U.S. legislation of the last few years has not been of advantage to revenue of utilities. The company apparently has been having a little more revenue to pay preferred dividends recently, but the position of subsidiaries has not been made very apparent yet. There is no prospect of early payments on the class A stock because preferred dividends are not being paid in full.

Management expenses are probably large, but so far as shown in financial statements, they are not enough to make much difference in dividend policy. If there comes a new period of improving business for utilities, International Utilities would improve its position.

George Weston

I am informed that George Weston Ltd. intends to call its preferred stock. Is this true?

We cannot tell you whether George Weston Ltd. intends to call the preferred stock in the near future or not. Not long ago we discussed that possibility with officers of the company, and at that time there was no thought of such an action.

The company is expanding rapidly at present, and it is likely to keep its resources available for expansion so far as possible. It has expansion programmes under way in the United States and Great Britain. In view of this it is doubtful whether the company would redeem its preferred stock at this time since it would mean a substantial reduction in working capital.

United Fuel

I hold some United Fuel preferred stock and am wondering what the prospects are for the future?

Some securities like those of United Fuel, which may have been very inactive and which do not appear promising, may eventually do better than expected, if recovery continues. Dividends on the preferred stock are not being earned, and none has ever been paid on the common shares. The company, however, has reduced its fixed charges by refinancing of funded indebtedness. This should assist it to recover some of the earnings formerly enjoyed. There appear to be prospects for improvement in the future, but it is difficult to appraise them and to tell just when the improvement may come.

Fanny Farmer

I would appreciate a report on Fanny Farmer stock. Is it a safe investment? Is it likely to go higher?

Fanny Farmer Candy Shops has just closed the most successful year in its history. Sales expanded materially, and earnings are expected to be over $1 a share on the common stock. Hence, the regular dividend of 50 cents a share appears to be well protected, and the company is in a position to make an extra payment, although this has not been indicated.

We cannot tell whether Fanny Farmer shares are likely to go higher. This depends principally upon expansion of earnings. The company does a retail candy business in U.S., and this is capable of considerable further expansion. In 1935, for instance, the company ventured into the Michigan territory. Its operations are conducted on the unit system, a local factory serving the shops in a particular vicinity. You can see that this type of expansion can be carried on to a very considerable extent, without resulting in a cumbersome organization.

As long as business recovery continues, and the company's management remains aggressive, it appears reasonable to count on a continuation of the present 50-cent dividend. There is also the possibility of an increase in dividend rate, or payment of annual extras, if the high 1935 rate of earnings is maintained. There are no securities other than the common shares, so that all earnings benefit them.

Goderich Elevator

I am considering the purchase of some Goderich Elevator Co. stock and would appreciate a report on this company.

Earnings of Goderich Elevator during the past four years have been considerably short of covering dividend payments. In the year ended March 31, 1935, profits amounted to $12,670 or 15 cents a share on the 84,006 shares of common stock as against a dividend disbursement of 50 cents a share. G. L. Parsons, president, recently stated that earnings up to the close of navigation, and an estimate of earnings for the winter months, would indicate a "much more remunerative result" for the 1936 year. It is possible that the dividend will be earned.

The company has had fairly steady earnings from storage rentals, but has had only a small movement of grain through its terminals in the last three years. The movement has now improved considerably. The company's earnings are capable of considerable expansion, depending upon the movement of grain, but in view of the rather generous disbursements of the last three years it might be over-optimistic to expect any major increase in dividend in the immediate future.

Imperial Tobacco

What do you think of Imperial Tobacco common as an investment for a long hold?

Imperial Tobacco is a steady earner and its common stock is one of the few securities that are selling at a higher price now than in 1929. The public's taste for tobacco seems to increase rather than diminish, and as long as this continues Imperial Tobacco is likely to show substantial earnings. The company has had some additional competition in the last few years from small companies. However, it still dominates and helps stabilize the Canadian tobacco market.

Canadian Canners

What do you think of the first preference stock of Canadian Canners? Are dividends being earned? You might also outline the position of the second preference stock.

Canadian Canners did not earn the full six per cent dividend on its first preference stock in the year ended Feb. 28, 1934. It earned $4.57 a share compared with $8.83 a share in the preceding year. In the current fiscal year, the company has experienced considerable improvement in business, due largely to increasing exports and firmer prices for canned goods. A large part of the 1935 pack of fruit and vegetables has been disposed of so that there will be no important surplus of canned goods hanging over the market when new packs are ready in 1936. Under normal conditions, which now appear to be developing, the company is capable of covering the first preference dividend by a comfortable margin. The financial statement for the year ending Feb. 29 next may show the first preference dividend earned.

The second preference stock enjoyed substantial dividend payments last year, which were not earned. However, with normal conditions developing the company should be able to show some earnings on the second preference shares. The outlook for this stock does not seem to be sensational, but holds some promise. The shares are convertible into common stock, but receive dividends before the common shares, so that it is a double-barrelled type of investment.

Dominion Tar

Will you kindly let me have your views on the advisability of making a commitment for appreciation in Dominion Tar common?

Dominion Tar & Chemical operated at a loss in 1934 and 1933 and preferred dividends are in arrears to the extent of $24.37 per share. While the financial statement for the year ended Dec. 31, 1935, is expected to show improvement it may be considerable time before earnings rise sufficiently to make payment of preferred dividends possible. It is possible that some scheme will eventually be introduced to fund the arrears of preferred dividends, in which case there may be some prospect of improvement in the market value of the common shares. There does not appear to be any early prospect of substantial earnings on the common shares, which, therefore, represent a gamble in a substantial revival in demand for railway ties telephone poles, creosoted timbers and building materials.

Atlantic Sugar

Have you any information on earnings and current operations of Atlantic Sugar Refineries. I would appreciate any information you may have along these lines.

There is practically no public investment interest in Atlantic Sugar Refineries. Control of this company was bought by Toronto and Montreal interests in the early part of 1932. Since that time no financial statement has been made public and it is our understanding that the new controlling interests have practically all of the capital stock and debentures.

Cons. Diversified

I wonder if you can ascertain for me the market value of certificates of Consolidated Diversified Standard Securities Ltd. What are the prospects of disposing of these certificates?

The market for shares of Consolidated Diversified Standard Securities is conducted by security dealers who trade in unlisted stocks. The current bid price, is $10¾ each for units of one preferred and one common share. You could probably get a higher price by offering round lots at somewhere around $11½ to $12. You can sell your shares without difficulty through any reliable security dealer or financial institution.

The company holds a widely diversified list of securities in nearly 200 concerns, the investments being largely concentrated in common stocks. In the last year, the rise of stock market values has undoubtedly increased the total value of the company's portfolio considerably.

International Metal

I am considering the purchase of some Series A preference stock of International Metal Industries and would appreciate a report on the company's earning position.

We are informed that results of International Metal Industries in 1935 were not much in advance of 1934 when a deficit of $38,148 was shown after all charges. For 1936, the outlook is regarded by officials of the company to be much more promising. The most marked improvement is looked for in United States where a great deal of what is regarded as obsolete equipment is being used for distributing gasoline. The improving position of the oil industry as far as prices of gasoline and crude are concerned, leads to hopes that there will be more money available for improving service station equipment. In other departments of the company's business, it is stated that there has been improvement.

Can. Investment Fund

Being a subscriber to The Financial Post, I would like an opinion on Canadian Investment Fund. I have been offered some of this stock and would like to know how the company is regarded.

Canadian Investment Fund was organized and is managed by Calvin Bullock, an organization which has had considerable experience in this type of work. The directorate is composed of a number of prominent Canadians, and investment of the trust's funds is concentrated in the better class Canadian common stocks.

The value of Canadian Investment Fund stocks is largely based upon the liquidating value of the securities in the company's investment portfolio. The return on capital is relatively small. An investment in the stock offers diversification in a number of Canadian industries.

Bell Telephone

I am considering the purchase of Bell Telephone common stock. What are the prospects for appreciation in the price of this stock?

Bell Telephone has some prospect of increasing earnings, but is not expected to show important gains this year. Future improvement depends upon expansion of the demand for telephones as a result of business recovery.

Recently, the president of the company signified that the official dividend policy is to retain the $6 a share rate. This being the case, the price of the shares will depend to some extent upon earnings and to some extent upon the level of interest rates. If interest rates remain low, the shares, paying $6 each, will continue to have attractions around present price levels.

Canada Wire

Among my investments are some preferred shares of Canada Wire and Cable. I read in a recent issue of The Financial Post that earnings of the company were on a better basis, but would like to know if you have any later news.

Canada Wire & Cable is strengthening its position. A few weeks ago the shareholders approved a plan of writing down capital values on fixed properties and investment account. This will lower depreciation charges and pave the way for resumption of preferred dividends. The outlook is more encouraging now than it has been for some time and it is anticipated that the financial statement of the company will show an upward turn in earnings.

Gypsum, Lime

We would appreciate very much having your opinion on the common stock of Gypsum, Lime and Alabastine (Canada). We would like to know particularly the outlook for the company in view of the prospect of a revival in building.

Gypsum Lime and Alabastine Co. is dependent for its business upon activities in the building trade. In the last three or four years capital outlay on new buildings and renovations has been limited. This has meant lower sales and lower earnings for Gypsum, Lime and Alabastine. Income of the company dropped to a point where it was necessary to secure some concessions from the bondholders. Since that time, however, the situation has strengthened though there is no expectation of a return to dividend payments on the common stock in the near future.

Power Corp.

I would appreciate a brief outline of the position of Power Corp. of Canada common stock. Can you let me know earnings on this stock and the equity back of it.

Power Corp. of Canada, like other holding companies, has experienced a shrinkage of asset values and earning power. In the year ended June 30, 1935, the company reported earnings of 42 cents a share on the common stock. This is the best showing made since the 1931 fiscal year. While earning power has bettered, the equity back of the common stock is still at a low point, having amounted to $4.63 a share on June 30, 1935, compared with $8.39 on the same date of the previous year.

The Woman Investor

Securities for Women

ARE there particular groups of securities in which women can invest or speculate to greater advantage than in other types of stocks?

It appears there are. They are the shares of companies catering primarily to family and household needs.

Among those having a direct interest for women are the stocks of chain food and candy stores, utilities, including gas and electric companies' shares, merchandising securities, and textiles.

No list can be compiled in which women have an exclusive interest, nor can it be said that any list embraces all the interest of women investors. There are, however, fairly well defined industries in which women can observe at first hand the trend of developments affecting the companies' earnings and consequently the value of their common or preferred shares.

* * *

Chain Store Impressions

AN INSTANCE is that of a woman who, until recently, held stock in a chain store company.

As a shareholder she patronized the company's store in her neighborhood. On several occasions, however, she received goods of a distinctly inferior quality, although first quality prices were asked.

The down-at-heel appearance of the store began to impress itself upon her. She noticed, too, that in spite of small numbers of customers, the store was understaffed, and customers were subjected to annoying delays in service.

She commenced to patronize the nearest store of an opposition chain and found that in spite of a larger number of customers there was efficient, rapid service; that the store was clean, bright, and modern in every respect, and that goods were of excellent quality.

Further enquiry revealed that earnings of Chain No. 1 were on the down grade; those of Chain No. 2 were rising.

She lost no time in selling her share holdings and buying those of the obviously more successful chain. Her own observations revealed that one enjoyed better management than the other, and earnings enquiries confirmed the first impression.

* * *

Textile Securities

TEXTILE securities offer another field for women. Familiar with fabrics, style trends, and other apparently superficial influences, the woman shareholder of these companies may sense a trend in business far ahead of the general market.

Her own and her friends' preference for certain candies, foods, and other goods may be the straws telling her the way the wind is blowing.

In utilities, automobiles, department stores, or other share groups representative of companies catering primarily to family needs, she can use her own powers of observation; compare the results with the financial position and earnings statements of the companies themselves, and act accordingly on her own conclusions, or those of her advisers.

Rackets

Static Eliminators

CURBSTONE racketeers, selling 25-cent "static eliminators," and operating in specially equipped automobiles have been doing a thriving trade in some of the larger centres.

They were getting profitable results from gullible radio listeners, until an obscure young electrical engineer stepped into the situation. It happened in New York where the engineer was employed by a large concern.

Why, he wondered, had not the important electrical and radio manufacturing concerns snapped up the invention if it would eliminate static from radio reception? So he bought one.

The answer was that the gadget consisted of little more than a piece of wire, camouflaged among other cheap materials, and was quite incapable of cleansing the atmosphere of troublesome static.

* * *

A Counter Move

INVESTING another 25 cents in a cheap electric buzzer, the engineer installed it in a cigar box, attached a button that could be touched without anyone noticing the action, and went out on a still hunt for the eliminator merchants. He was accompanied by several engineer friends similarly equipped.

The chase provided a good deal of amusement for the engineers who, on sighting one of the "eliminator cars" parked their own cars near by and waited for the critical moment.

Crowds on the sidewalk were being harangued by the "static experts." When the moment arrived for a "demonstration" via the racketeers' automobile radio set, the engineers turned on the juice in their buzzers.

* * *

Spoiling The Sale

THE result, heard from the racketeers' radio loudspeaker was similar to a cat and dog fight in a boiler factory.

Each time the salesman attempted to show the effectiveness of the "eliminator," the near-by engineer pressed the cigar box button again. In effect he set up a miniature broadcasting station of his own.

The "eliminator" salesmen are still wondering why the flood of 25-cent pieces stopped, to give place to the jeers of the crowds.

THE LONDON AND WESTERN TRUSTS CO. LIMITED
Established 1896
Executors, Administrators, Etc.
Offices at: London, Toronto, Windsor, Winnipeg, Vancouver.

3½% INVESTMENT DEBENTURES

Issued in sums of $100 and upwards for terms of from 5 to 10 years. Canada Permanent debentures are a Trustee investment.

FOUNDED 1855

CANADA PERMANENT Mortgage Corporation
320 Bay Street, Toronto
Assets exceed $69,000,000

Are the assets kept separate?

Individual safekeeping is provided for the assets of each estate by The Canada Trust Company. Furthermore, the individual accounts are divided into several classifications for completeness of detail and ready reference.

The books, accounts and investments of this institution are under continuous inspection by Chartered Accountants.

THE CANADA TRUST COMPANY

London Toronto Hamilton Windsor
St. Thomas Chatham Winnipeg Regina
Edmonton Vancouver Victoria

CANADIAN SECURITIES

Dominion and Provincial Government Bonds
Municipal Bonds
Public Utility and Industrial Financing

DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
Assets over $14,000,000
3% PAID ON DEPOSITS 3½% ON DEBENTURES
Archibald McPherson, *President.* T. H. Main, *Manager.*

The WESTERN SAVINGS AND LOAN ASSOCIATION
WINNIPEG
AGENCIES
McCallum Hill & Co., Regina — Butler Byers Bros., Ltd., Saskatoon — F. J. Lorimer & Co., Edmonton
British Canadian Trust Co., Lethbridge — Equitable Agencies, Ltd., Calgary

Since The Financial Post was founded nearly 30 years ago it has won an army of friends who trust its reliable news and views and who obtain the advice of its investment editors on their investments. Free mail consultation is a privilege accorded every subscriber.

IMPORTANT CHANGES — in — *Long Distance* TELEPHONE RATES

On Wednesday, January 15th, the following important changes in Long Distance Telephone Rates became effective:

NIGHT RATES on "Person-to-Person" Calls

Calls to a particular person are now available (on all but short-haul messages) at reduced rates after 7 p.m. Hitherto, discounts have been made at night only on "Anyone" (station-to-station) calls. The discounts on most "Person-to-Person" night calls are the same in money as on "Anyone" calls.

WEEK-END RATES

Night rates will apply all day Sunday on both "Person-to-Person" and "Anyone" calls. This means that the lowest rates for either "Anyone" or "Person-to-Person" calls are available continuously from 7 p.m. Saturday to 4.30 a.m. Monday.

NIGHT RATES on "Anyone" Calls

To points where the Day "Anyone" rate is 50 cents or less, the discounts for Night calls are reduced or discontinued. That is, some of the present 25- and 30-cent Night rates are increased by 5 or 10 cents. These discount inducements to call while the tide of traffic is lower are replaced by the more attractive Night "Person-to-Person" and Week-end reductions.

Note some examples of these Rate changes:

"PERSON-TO-PERSON" CALLS: Former Rate Any Time	New Rate Night and Week-end	TORONTO to:	"ANYONE" CALLS: Day Rate	New Rate Night and Week-end	Former Night Rate
$2.45	$1.60	CHICAGO	$1.95	$1.10	$1.10
4.50	2.90	HALIFAX	3.50	1.90	1.90
.50	.50	HAMILTON	.35	.35*	.25
1.25	.85	KINGSTON	1.00	.50	.50
.65	.55	KITCHENER	.45	.35*	.30
.95	.70	LONDON	.65	.35	.35
2.45	1.50	MONTREAL	1.95	1.00	1.00
2.00	1.30	NEW YORK	1.60	.90	.90
1.50	.95	NORTH BAY	1.20	.60	.60
1.75	1.05	OTTAWA	1.40	.70	.70
3.40	2.05	QUEBEC	2.70	1.35	1.35
.40	.40	ST. CATHARINES	.30	.30*	.25
9.75	6.50	VANCOUVER	7.75	4.50	4.50
1.65	1.00	WINDSOR	1.30	.65	.65
4.75	3.00	WINNIPEG	3.75	2.00	2.00

*An example of Night Rate increases which occur in a few cases.

This is the fifth important revision of Long Distance telephone rates within the past seven years. In both social and business affairs the new Week-end and Night rates offer you a broader service at a lower cost.

THE BELL TELEPHONE COMPANY OF CANADA

Tomorrow's Office Buildings are Here

New Methods, New Materials, Play Leading Role in Drama of Building Progress—Obsolescence Affects Huge Investment in Canadian Offices

HAVE you ever heard of the ketchup bottle that can be stretched from Montreal to Vancouver?

You may not believe it but this same ketchup bottle may be one of the things that is making your house, or your office building obsolete.

How, you ask?

Simply this. One of the great advances that science and engineering experts have made in the past few years toward uncovering new materials, new processes, new methods, is in the manufacturing of insulating materials to make our buildings more comfortable, more efficient.

One of the oldest and best known of these is rock wool. Another—very much a newcomer, but making itself rapidly known—is aluminum. Still another is glass, which can be spun into gossamer-like fibres so light that a bale of it can be made out of a bottle—enough made from a ketchup bottle to stretch all the way from Montreal to Vancouver.

* * *

Saving $60,000,000

FOR years government officials at Ottawa, heating engineers and experts have pointed to the millions of dollars which might be saved annually in Canada if buildings were properly insulated. Only last week a lecturer under the auspices of the Ontario Architects Association told listeners that the annual saving to Canadians would be not less than $60 millions annually.

"How would you like to cut the size of the heating plant in your building by 70 per cent?" said he. "That has been done by adequate insulation.

"Would you like to be sure that when it goes down to 30 degrees below zero outdoors, you could keep a building 60 degrees higher, without any heating plant of any kind?" he continued. "You can do that in a properly insulated building, and in the same building you can guarantee yourself a comfortable temperature of not over 70 when it is 90 in the shade outdoors, and that without the cost of any artificial cooling plant of any kind. All these statements are based on actual records obtained from buildings that have been built."

* * *

War on Noise

EQUALLY important advances are being made in the field of acoustics.

One of the leading manufacturers on this continent has, since 1931, maintained its own specially equipped laboratory for the testing of sounds and noises. Thus during the depression it has relentlessly waged a winning war against noise (any undesired sound) and has made far-reaching advances in knowledge and manufacture of commercial acoustical materials.

Even in Canada scores of older buildings are finding it necessary and profitable to install this equipment to promote efficiency, satisfy tenants.

* * *

Custom-built Lighting

THE same could be said for lighting.

Today's buildings not only provide better light more cheaply but they provide a uniformity and attention to individual requirements of workers not dreamed of a few years ago. A Canadian institutional office building recently erected, had the requirements of each individual desk checked and tested to assure adequate lighting for each worker. Perhaps the first time such a thing had been done in this country in any large building. Certainly not the last time.

* * *

Don't Overlook Your Desk

SPEAKING of desks, the new "matched suites" being made today are making scores of executives and business men realize how greatly out of date is their own equipment around which they spend probably one half of their waking hours. New methods of manufacture, new processes of finishing and polishing permit even the average desk or piece of office furniture to enjoy advantages formerly permitted only in expensive equipment.

Values are at the highest point in a generation which makes the present a particularly good opportunity for those of us who are responsible for our own office equipment or the equipment of those whom we employ, to check closely the factor of obsolescence that has marched boldly into this field in the past few years.

The same can be said for the actual equipment in our offices. The filing cabinets, the business systems, the mechanical equipment. Emphasis was laid in a previous article on the fact that so great have been the advances in this field that even office equipment installed as recently as seven years ago is now obsolete and that a conservative estimate indicates that more than half the existing equipment in Canada is obsolete.

* * *

Copper and Glass

EXTERIOR or structural changes due to pressure of obsolescence have been more gradual but are none the less important. Many of these take place with little outward change, though occasionally a new trend such as the elimination of solid walls at valuable "corners" draws attention to what is being done. Use of color in building materials and a brilliant use of simple, massed design is also evident. The march of new metals has played a significant but unseen role in the drama of new things.

Copper, for example — an old, faithful servant of industry and the engineer—has been playing a new and significant rôle. New uses and applications plus the fact that this metal and its products have become available in recent years at the lowest prices in a generation have contributed to this development.

Rapid growth of air conditioning has opened an especially important field for copper. For air conditioning naturally implies the addition or subtraction of humidity or moisture from the air. And moisture means rust, unless a completely rust-proof metal such as copper is used. This is particularly true since most of the ducts in an air conditioning system are concealed, and are difficult, if not impossible, to replace without tearing down walls and partitions.

Glass has appeared in a new role. Work will begin shortly at Ottawa on a new headquarters building for Bell Telephone Co. of Canada which among other novel features will incorporate glass bricks in construction of the long perpendicular windows in the elevator shafts and staircase. The glass building block or brick is a depression-born achievement now perfected to the point where glass masonry is not only practicable but affords important advantages in air conditioning and heating and lighting. For glass bricks possess high insulating properties and can be used to control light transmission.

* * *

New Use for Nickel

NICKEL during 1935 achieved scores of new uses and applications looking towards lighter, stronger construction and improved design, longevity and appearance. The oldest known use of nickel is a whitening agent in alloys. In combination with copper in varying amounts a light yellow or white alloy can be made, while studies recently completed show cast nickel silvers can now be selected to match various wrought products and that varying tints of yellow, green and pink can be obtained. This means that dignified use of color can be achieved with a maximum of permanence on gates, grill work, etc.

Another interesting use in 1935 was the purchase of a substantial quantity of monel metal for roofing material. One of these was a repeat order backed by 25 years of experience. The other is based on an experimental installation seven years ago.

* * *

The Rôle of Aluminum

ALUMINUM is another metal which has created for itself a score of new uses in the office building field, ranging from exterior grille work to the humblest piece of equipment. This brilliant light-weight metal, refined in the industrial hinterland of eastern Quebec, plays an important rôle in exterior decoration for buildings where resistance from attack by the elements is a prime factor; into window sills and sashes, store fronts, skylights, cornices. Other major fields are office furniture where its great virtues are its lightness and the fact that it can be welded with no joints to work loose, and more recently the field of insulation where it has been found that a bright polished sheet of aluminum foil cemented to one or both sides of tough paper gives a material said to reflect 95 per cent of all radiated heat that strikes its exposed surface, even though the insulator itself is but 95/10,000 of an inch thick.

* * *

Cut Your Heating Costs

A VERY vital part of every office building is its heating plant.

Last summer a special article in this series pointed out that heating systems installed as recently as ten years ago are obsolete today; that 90 per cent of existing buildings are using obsolete heating equipment and that scores of building owners were actually cutting heating costs from 15 to 40 per cent by a change-over to up-to-date methods.

Physically these plants may be in fine shape but far-reaching, spectacular changes and improvements in the past decade have changed the picture, not only in the making of heat, in its distribution and control, but in its conservation once it is distributed throughout the buildings.

* * *

Air Conditioning Essential

A FEW years ago it was a great event when an institution constructed a new building and made special provision for "conditioning" the air in special rooms or auditoriums. So rapid has been the development in this field that scarcely any first-grade building is now planned that does not embrace air conditioning equipment. Heating engineers predict it will become as essential as elevator service in a short time as clients realize the greatly increased benefits it brings in comfort and health.

Just this week a leading Canadian financial institution got down to work in a brand new completely air-conditioned seven-story office building — first of its kind in Canada and forerunner of the new trend.

Incidentally it is interesting that this particular job provides for five or six complete air changes every hour. The average person needs 10 cubic feet of fresh air each minute, but experts don't stop anywhere near that figure — in fact the equipment actually installed will bring nice fresh air to about twelve times the number of people which it is expected will normally use the building.

* * *

Windowless, Woodless, Noiseless

CERTAINLY building is on the march. Just a week or so ago an important industrial corporation held open house in its new windowless, woodless, noiseless office building. Incorporating every known idea that science could contribute it aims to achieve as nearly as possible "controlled conditions of light, of temperature, of noise, of safety." Completely windowless it affords ideal working conditions with scientifically controlled light at every point and at each desk, while the combination of acoustically treated ceilings and heavily cushioned linoleum tiled floors, prevent even footsteps or echoes from disturbing workers.

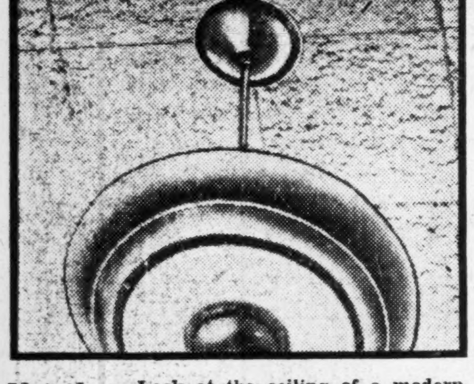
Radical? Perhaps. But no more so than scores of innovations of yesteryear which we now accept without question and in fact demand in everyday life. No more radical than any one of a million new things that have come into business and industrial life in the past decade and which have quickly displaced some older, poorer equipment or commodity, because they did the job better, more economically.

That, in essence, is obsolescence—mighty motive power of progress.

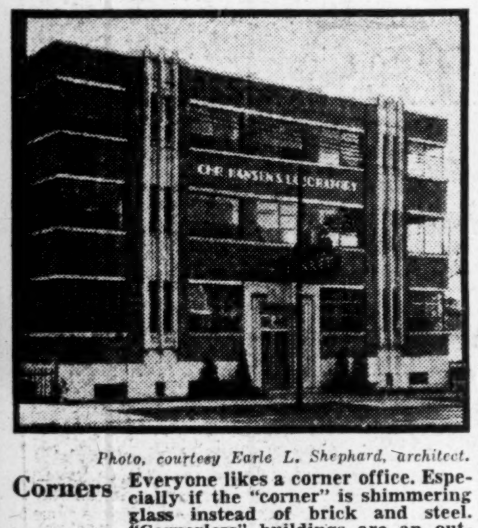
Millions of things are thrown aside each year, not because they are worn out but because they are obsolete—because a better job can be done by replacing them before they wear out.

For five years or more the people who make new things, develop new processes and products have been more active than the people who buy new things. Now the shoe is on the other foot and the people who buy are trying to catch up for what they have lost.

As Canadians take advantage of these new things—be they buildings or butter spreaders—the trade and commerce of the nation will move on to wider more certain prosperity.



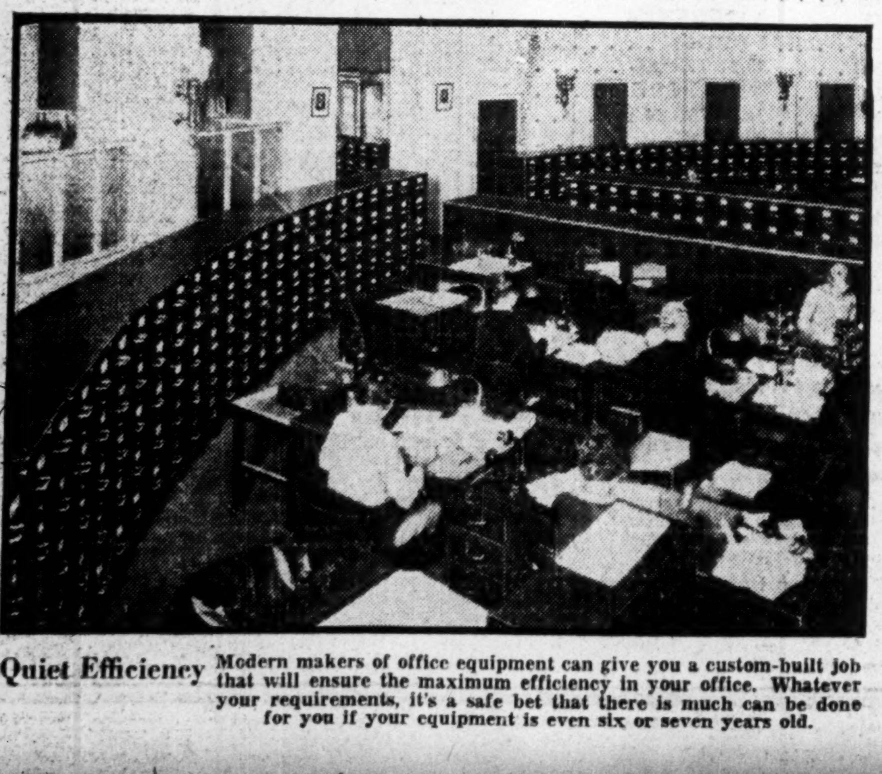
Noiseless Look at the ceiling of a modern office building and you will probably see special acoustic plaster or ceiling board such as this. A great aid to efficiency and comfort.



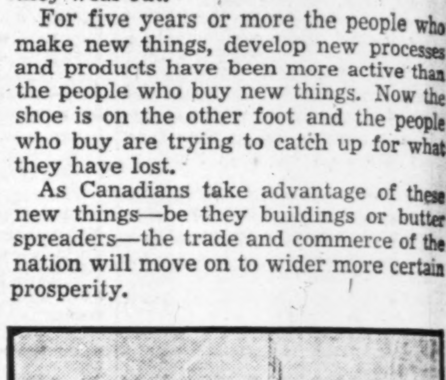
Photo, courtesy Earle L. Shephard, architect.

Corners Everyone likes a corner office. Especially if the "corner" is shimmering glass instead of brick and steel. "Cornerless" buildings are an outward expression of the new mode in office structures.

Sealed Modern office buildings are hermetically "sealed." This saves owners thousands of heating dollars; gives tenants and occupants added comfort.

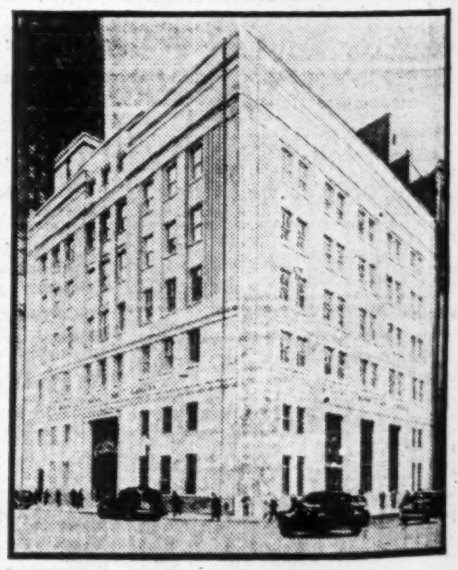


Quiet Efficiency Modern makers of office equipment can give you a custom-built job that will ensure the maximum efficiency in your office. Whatever your requirements, it's a safe bet that there is much can be done for you if your equipment is even six or seven years old.



Number? Glass bricks and a dozen or more up-to-the-minute features of modern office building construction will be seen in this proposed new Ottawa headquarters of Bell Telephone Co. of Canada.

Old; New This roof was put on 25 years ago—first of its kind to use monel metal. Its record is uncovering repeat orders and new business for this nickel alloy.



Simplicity Straight lines, dignified massing of steel and stone are features of modern office building. This building is the first completely air-conditioned structure built in Canada.

Matched Suites Dignity and great beauty combine to make the modern matched suite of executive furniture something greatly to be desired. Other features are low cost and the maximum of efficiency.

ONE of a series of articles indicating in practical fashion the amazing opportunities for good business that lie in a programme of rehabilitation for Canadian industry. These forward-looking firms and institutions are making possible this constructive series:

COMBUSTION ENGINEERING CORPORATION LIMITED
Steam Plant Specialists
"Modernize and Save Money"

CRANE LIMITED
Valves Fittings Piping
Plumbing and Heating

C. A. DUNHAM CO., LIMITED
"Dunham Differential Heating"

FRID CONSTRUCTION COMPANY LIMITED
Hamilton, Ontario
General Contractors

GENERAL MOTORS OF CANADA LIMITED
"An eye to the future—An ear to the ground"

GOODYEAR TIRE & RUBBER COMPANY OF CANADA LIMITED
"Goodyear Means Good Wear"

INTERNATIONAL NICKEL COMPANY OF CANADA LIMITED
Nickel - Inconel - Monel Metal

LIVINGSTON STOKER CO. LIMITED
Hamilton, Ontario
"Canada's finest automatic coal burner"

NATIONAL STEEL CAR CORPORATION LIMITED
Hamilton - Montreal
"Specialists in Transportation Equipment"

THE OFFICE SPECIALTY MANUFACTURING COMPANY LIMITED
Filing Systems and Office Equipment

PAGE-HERSEY TUBES LIMITED
Steel Pipe
Genuine Wrought Iron Pipe

W. E. PHILLIPS COMPANY LIMITED
Pioneers in new applications of Flat Glass

PIGOTT CONSTRUCTION COMPANY, LIMITED
Hamilton, Ontario
"Builders in Stone"

ALUMINUM COMPANY OF CANADA LIMITED
"This is the age of Aluminum"

ANACONDA AMERICAN BRASS LIMITED
Rustproof Copper, Brass and Bronze

BELL TELEPHONE COMPANY OF CANADA
"Continuous improvement in telephone equipment has made Canadians the world's greatest users."

CANADIAN BUSINESS EQUIPMENT MANUFACTURERS' ASSOCIATION
"Organized for Greater Service to Canadian Business"

CANADIAN INDUSTRIES LIMITED
"Cellophane" Division
"Cellophane" the modern packaging medium

CANADIAN JOHNS-MANVILLE COMPANY LIMITED
"Specialists in Insulation"

Dignity, Simplicity and Utility Mark New Imperial Bank Building

Modern in Design, the Head Office in Toronto Achieves Harmonious Blending of Color and Materials

From the glass roof of the six-storey light-well to the shining steel vault in the basement, dignified simplicity is the keynote of design in the new head office building of the Imperial Bank of Canada, King and Bay Streets, Toronto.

Color schemes, interior decoration, wall and floor finish, ornamental detail of staircases and equipment, lighting and other visible features of the completed building are thoroughly modern in design. Beauty of line and color have obviously been considered equally with the demands of utility.

In all parts of the completed building, the visitor finds it difficult to decide which is the more striking feature; the efficiency of arrangement and installation, or the pleasingly simple and impressive scheme of decoration. The building as a whole is a striking combination of both.

Main Banking Chamber

Entering the building through the massive bronze door on King St., the visitor finds himself in the main banking chamber where he is almost certain to pause and study the colorful enamelled shields, coats of arms, and other decorative insignia carried out in bronze and enamel, above the entrance.

Transition from daylight to the artificially-lighted interior of the bank is also a novel experience. Strong and unshadowed suffusion of light is given by the English Bar-Lux tubes used in light fixtures throughout the building in the more important rooms. The tube system of lighting has been adapted to fixtures of various designs in the main banking chamber, private offices, elevators, corridors, and other areas.

By this system, an even light is spread throughout the banking chamber which contains a mezzanine floor railed by ornamented bronze.

The banking chamber measures 95 by 52 ft. Walls are of Travertine and floors are trimmed with Travertine antique. Impressive also are counter tops of black and gold marble, customers' floor desks of plain black marble and glass, and bronze tellers' cages.

Vault With Microphones

To the left of the main entrance is the foyer with staircase leading to the vault and bond department below.

The vault is of concrete, heavily reinforced with Massilon vault reinforcing material and with a thick laminated open hearth steel lining finished in Monel metal. It has 1,700 deposit boxes and full capacity will accommodate 3,300 more. In the vault too are Bar-Lux tube lighting, and a unique microphone system through which all "after closing" sounds are transmitted to a central office in amplified form.

The microphones are set in the ceiling and walls of the vault. Connected with an alarm system, they carry the slightest sound; so much so that a workman recently hammering at night on the outside of the vault during construction work quickly brought an entire emergency squad into the basement.

The main door and framework of the vault weigh 20 tons. The emergency door of the vault at the rear is equipped with a duct connected with the ventilation system.

Ascending to the first floor, elevators of the most advanced design are seen. All stairways and landings are of steel and mastic, and windows are of metal throughout the building.

Board Room on Sixth

Top or sixth floor of the building is equipped for the board room and incinerator room, the latter a unique arrangement by which old documents, bank bills and other papers may be destroyed under the supervision of directors.

The incinerator is equipped with five separate locks, and cannot be opened except in the presence of all five bank officials who are entrusted with keys. Strict formality is observed in this connection, but the contrast between the dignified panelled board room and the adjoining incinerator-room....the latter suggestive of an over-sized refrigerator ....strikes the visitors at once.

Executive Offices

Descending to the fifth floor, it is found that all space on this floor has been rented to firms associated in the bank's work, including accountants, legal associates, and others.

The fourth floor houses the Imperial Bank's head office staff, with officers' and stenographers' rooms arranged for convenience, comfort and efficiency.

The executive offices with acoustic plaster ceilings and handsome panellings, located on the third floor, are perhaps the most impressive feature of the interior scheme.

Tube lights, fireplaces, oak-panelled walls, handsome equipment, carpeted floors and private washrooms are features of the offices on this floor.

The large stenographers' rooms on the third floor, and the fifth floor incinerator room contain Acoustone ceilings.

The second floor of the building is used for ordinary office purposes and is departmentalized in the usual way.

In the centre of the building, which is a new one in every respect except that it uses the steel framework of the former building, is a remarkable light-well.

Running from the roof to the main floor, and with enamelled plaster walls, the light-well is not open to the sky except through vents. Covered by a glass skylight, it is in reality a huge open space in the centre of the building but instead of being subject to the vagaries of weather, the well is actually used to control temperatures and humidity.

Near the top is a vent through which a fan draws exhausted air for purification and recirculation. When windows are opened on various floors surrounding the well, air moves out of the offices and up toward the fan.

Temperature Control

Air-conditioning is general throughout the structure. It provides for automatic humidity control, filtration for cleaning air, heating it in winter and cooling it in summer.

During the summer, city water is run through coils to regulate temperature at from five to ten degrees below that prevailing outside. Humidity is added in winter heating. Heating by oil embraces all the newer features.

Floors in working spaces, halls and offices contain corkboard, chosen for insulation, durability, attractiveness, and silence under impact.

Through the building runs a pneumatic tube carrier system, with a central clearing station by which it is possible to route messages and documents through the pipes from one office to another at will.

A Striking Structure

The observer does not need to be an architect or engineer to sense the striking features of the building. Instructions to Sproatt and Rolph, the architects, were to design a building suitable to the dignity and importance of a leading Canadian financial organization.

Naturally, efficiency was foremost in the minds of the bank officials, but to no greater extent than the question of appropriate design. Construction involved the use of the framework of an old building and an additional new structure to be combined into one harmonious whole.

That this was accomplished is obvious to any visitor to the new building. From the Longford limestone walls, constructed with material quarried in Rama Township near Orillia, Ont., to the smallest interior detail, the building will probably serve as a model for many other business and financial structures planned for the future.

Shortage Seen In Dwellings As Rents Rise

Growing Canadian Purchasing Power Will Bring Competitive Buying

NEW CAPITAL OUTLETS

By H. W. PEPPER

While the larger centres apparently have been keeping pace with demand, at many points in Canada a shortage of houses still exists.

This will become more acute as enhanced purchasing power enables families to seek individual accommodation, which they now desire and economic necessity prevents them from having.

Rents have risen and will go higher. Capital seeks outlet in real estate markets, in spite of the fact that mortgage rates are lower. Under the Dominion Housing Act, 1935, money is available for new residential construction at five per cent. The setting is favorable for a new and large residential programme in 1936.

Cause for Confidence

Above all, the intending purchaser must have cause to be confident of the future.

The permanence of each completed piece of construction is probably a factor in deciding the construction trends which are sustained for longer periods of time, rather than rapidly and frequently changed.

The upturn in volume, starting with the later months of 1932, has continued, gathered momentum during intervening years, and the outlook for work of a private nature is still improving.

A Basic Industry

This basic industry, using the products of land, mine and forest, transformed by labor into component parts, and these in turn erected by labor into homes, other buildings or engineering projects, is truly one of the most important industries.

The greatest incentive to more and more construction is confidence—confidence of the prospective homeowner in that he can reasonably hope to carry the additional burden; confidence of the industrial plant owner that he will keep the plant busy when he builds it; confidence of the financier in the integrity of the plant and individuals connected with it.

There is every reason for each of us to have confidence in Canada and in 1936.

New Veneer Plant

The new veneer plant constructed by the Coast Mills Export Company at Dominion Mills, B.C., will be known as the B.C. Plywoods Limited and will have a capacity of 50,000 square feet of three-ply fir panels a day.

Imperial's Banking Chamber

Most striking feature of the new head office building of the Imperial Bank of Canada, in Toronto, is the central banking chamber shown above. Bronze, marble and a unique lighting system lend impressive atmosphere to the chamber with its mezzanine gallery of green-smocked stenographers and blue-jacketed clerks.

New Chain Scheme Evolved As Dominion-wide Stimulus To Home Building Activity

Government Unofficially Supports Latest Effort—Committees Planned

UNDER HOUSING ACT

Plan Involves Only Construction of New Homes—Not Slum Clearance or Renovation

From Our Own Correspondent

MONTREAL.—A co-ordinated effort to encourage and assist home builders by educational, technical and administrative services, is the object of the new Prosperity Housing Association which is unofficially sponsored by the Dominion government. It will be backed by local committees in each of the principal cities and towns throughout the country.

Montreal is the first of the Canadian cities to set up a committee to encourage building and increase of employment throughout Canada by taking advantage of the new Dominion Housing Act.

Committee Named

A. B. Purvis, president of Canadian Industries Ltd.; J. D. Johnston, president of Canada Cement Ltd. and C. F. Sise, president of the Bell Telephone Co., have been named as a tentative Montreal sub-committee, with powers to act as members.

This committee came into being as a result of a meeting called by the Hon. Charles Stewart, Minister of the Interior in the former King Government and Mervin Brown, former mayor of Medicine Hat, who is doing the organization work.

New Life for Industry

The prime object of the nation-wide plan is to throw new life into the building industry by encouraging construction of houses in Canadian cities and towns.

It is not a slum clearance scheme. It does not include the renovation of present dwellings, but it is directly concerned with the building of new houses.

The first plan in the programme is to establish co-ordinated working committees. These will seek out the prospective home builder, confer with him, submit plans and generally take care of the technical and administrative work.

Use Housing Act

Through the Dominion Housing Act, which enables the prospective home builder to secure long-term loans at a low interest rate, the financing of the project will be arranged.

The municipalities will be asked to co-operate with the scheme, possibly in the matter of fixed assessment rates.

The scheme basically seeks to make the building of new homes an attractive proposition, made as easy as possible.

There will be three sides to the plan: publicity, technical and administrative. Publicity will include educational work throughout the various cities and towns, encouraging the construction of houses.

The technical side will include standards of construction, etc., and the administrative side will operate the scheme as a whole.

Form National Group

Plans are now under way for calling a meeting in Toronto when a national committee will be formed to head the scheme throughout Canada. Then it is proposed to have sub-committees named in each city and town; these committees to operate a plan in their particular areas while working in conjunction with the national body.

Government Moves To Correct Codes

Efforts to eliminate undesirable features of the Industrial Standards Act, as it applies to the building industry, are in progress. The act deals with labor codes, hours of work and other labor regulations.

Government officials have, it is understood, approached the contracting and building trades with a view to receiving suggestions for betterment of the legislation.

In London, Ont., where the 40-hour week is the chief point of controversy, the London Builders' Exchange is preparing recommendations in that connection, as well as others dealing with workmen's compensation and the Apprenticeship Act.

VANCOUVER AREA EMBARKS ON PLAN OF HOME BUILDING

$300,000 Point Grey Programme of 60 Houses

LARGEST SINCE 1920

Clearing of ground in the Point Grey area of Vancouver has commenced, in preparation for a $300,000 home building programme.

It is the most ambitious building project Point Grey has experienced in fifteen years, and calls for erection of 60 homes on a new 11-acre subdivision. The average cost per house will be $4,000.

Three styles of architecture will be mainly used in construction of the new houses; Spanish, English, and Dutch colonial. No lot will have a frontage smaller than 40 ft., and the largest will have a 60 ft. frontage. They will average 130 feet in depth.

May Choose Style

Buyers of these low-priced homes will have their choice of architecture, since homes will be built to suit their own tastes. The houses will range from four-roomed bungalows to eight-roomed houses. Each house, however, will have its individual plan, although one general style will be erected in definite sections of the property.

Need of new homes for Vancouver's increasing population, in the absence of important building activity in the last four or five years, is the primary factor in the new development.

In this connection, it is stated that of 170 homes built in the vicinity of the new subdivision, known as "Howecrest," in 1935, only two or three are available today.

Builders Will Hear Problems Discussed

Announcement of the agenda at the forthcoming annual convention of the Canadian Construction Association in Hamilton on Jan. 21, 22 and 23 includes the following features:

F. Kent Hamilton, authority on real estate taxation, who will speak on "Taxation."

Frank McLaughlin, Toronto, speaking on the housing situation, which will also be dealt with by government officials.

J. M. Pigott, who will present motion pictures of modern methods and materials of house construction.

Hon. P. J. A. Cardin, Minister of Public Works, Canada.

W. H. Yates Jr., president of the association, and others will also speak.

$125,000 Irrigation Plan Approved by Val Marie

Residents of the Val Marie district in Saskatchewan have approved, by an overwhelming vote, the federal irrigation project planned for the area at a cost of approximately $125,000.

Plans call for construction, under federal water conservation legislation, of a dam on the Frenchman River near Val Marie, and the creation of a reservoir for irrigation purposes. A special plebiscite was held by residents of the district.

In The Construction World

Insulation

A SAVING in Canadian fuel costs of $60 millions annually and about $9 millions a year in Toronto alone would follow the proper insulation of Canadian heated buildings, according to James Govan, M.R.A.I.C.

Mr. Govan says that by proper insulation, the size of a heating plant in a building has been reduced by 70 per cent. He adds that with the temperature of 30 deg. below zero outside, it is possible to keep a building 60 deg. higher than that level without any heating plant at all. Similarly, a comfortable temperature of not over 50 when it is 90 in the shade outdoors can also be maintained by proper insulation. No artificial cooling plant is, of course, necessary.

New Benefits

Mr. Govan's assertions are based on actual records obtained from buildings in existence. Other problems that may be solved by insulation are food storage, storage of heat by utilization of surplus electric power, and enjoyment of winter sports without the use of artificial ice plants, by the process of banking up the cooling atmosphere in buildings in the same way that it is possible to bank up the heating effect. The same method provides healthier air conditions inside buildings by eliminating some of the effects of wide fluctuations in outdoor temperature.

* * *

Paying With "Baby Bonds"

A BONE of contention at Vancouver's municipal council table for years, the question of a new city hall, was settled recently by a 9 to 3 vote, awarding the contract for the new building to Carter, Halls, Aldinger & Co., Ltd., at a price of $885,000.

An interesting point in connection with the settlement of the long-disputed question was the arrangement by which $200,000 in "baby bonds" of the city will be given in part payment on the contract.

Another outcome of the award was the announcement that the council has granted the firm a contract amounting to $45,229 for establishment of driveways and covered parking areas for the new city hall. This item brings the total amount of the contract to $930,229.

$80,000 Less For Cash

But an interesting sidelight on the venture by Vancouver into the baby bond method of construction financing is the statement that another tenderer bid $884,615 in cash and $964,615 on the basis of taking part in baby bonds—a margin of $80,000. The parking area bid of the same tenderer was $51,027, or nearly $6,000 higher than his competitor.

Economic Laws are at Work In Revival of Home Building

BY THOMAS C. THOMPSON

"Taxes," said Mr. Zucker, "are the very deuce."

"They are," agreed his friend, Arthur Bilder.

"And I for one am cured. If I live to be a hundred, I'll never put another dollar into real estate, particularly in this city," added Mr. Zucker, the stock broker.

"It sounds as though you had a grouch," his friend replied.

"I have," was the answer. And over the dinner table the story came out.

Taxes to Mr. Zucker were synonymous with poison. They had ruined him. He had lost a beautiful home in the depression period, and there seemed no doubt that he had acquired a chronic case of liver as a result.

With the coffee, details followed.

"You know, Bilder, I have great sympathy for the fellows who built houses, because they probably lost money as well as the rest of us. But why should I be penalized after sinking all my available cash into a stake in the community and attempting to make a home for my wife and youngsters?"

"When did you buy?" his friend countered.

A Bargain in 1928

"In 1928," replied Zucker, "And I suppose you are going to say that I paid a profit out of all reason."

"Not at all, but what were your taxes when you bought the house?"

"Fairly high, even at that time, but the house itself was a bargain."

"Then what's your complaint?"

"It is merely that, after the city build a couple of paved roads (it was a corner residence), sidewalks, and a trunk sewer system, my taxes jumped 100 per cent," replied Zucker.

"And to top it all off, those improvements were built around 1929 when the costs of labor and materials were at their peak. The improvements were on a ten-year basis—I imagine they're still running—and the way prices have dropped since, they could have been built for half the cost. It was the city, not I, who put the tax rate up. I didn't ask for the pavements and sidewalks,"

"And they have been doing it ever since with a programme of public works, relief work, and all that kind of thing," said Bilder, "I have found it rather hard going myself. In fact, I've had several houses come back on my hands, for just that reason. And I've been in the construction game for 30 years."

"Then what's the answer?" asked Zucker. "I let my taxes run when I knew I couldn't make enough money to pay them. Then the mortgage holder began to wonder about his money and the overdue taxes. I told him I would try and scrape it together, but I couldn't do that either, and now I have no house—and—oh, well, what's the use?"

"Or Even Build"

"You might, of course, buy another one," was the answer. "Or even build."

Rapid calculations anent the relative effects of violence or amusement at Bilder's reply ran through Zucker's head.

But he controlled himself, and asked his friend whether the coffee was to his liking.

"Yes," said Bilder, "and so is the building game. By the way, who owns your house now?"

"The builder."

"A number of those houses that went overboard under pressure are now owned by the men who built them," Bilder remarked with a rather reminiscent smile.

"You see, we may have to modernize them, but it's much the same as the stock market. When there were too many sellers and no buyers, values dropped. And as a broker, you know that if you buy when everyone else wants to sell, you can pretty well get what you want at your own price."

"What's that got to do with my particular case?" asked Zucker. "I didn't sell. I was sunk on taxes."

Rising Markets

"Taxes are still high," his friend answered. "But you bought on the crest, in a seller's market. Your taxes went up because everyone had been buying labor and building materials on a rising scale. They sent prices upward themselves. Your municipality had to pay peak prices for both, as you say, and so did everyone else. You were lucky enough to get a bargain in the house itself, but you lost out when taxation began to pile up in the depression period.

"Unfortunately, the authorities kept on spending money for relief work and other purposes long after the home owner could afford it.

"It may be," continued Bilder, "that everyone has seen the mistake in piling taxes on to something that can perhaps least stand it—in France, I believe, there is, or was, no taxation on homes—or is it in Paris only? At any rate let us assume the worst is over in that respect in Canada. You would still do well to buy or build another house."

"Of course, you're a builder," was Zucker's rather cynical answer.

Supply and Demand

Overlooking the remark, Bilder said. "You bought, even in a seller's market, at a bargain in 1928, and you are now in a buyer's market for a time—and a very short time from all indications. Building costs are still low but in another year the old laws of supply and demand will exert themselves in the opposite direction. You can either buy a house or build one at prices, today, that are not likely to exist until the next depression. That is," he added, "if the tax load is not increased out of all reason.

"If you buy, you may get a bargain again but with some element of what we construction people call obsolescence.

"If you build you are going to get the benefit of all the improvements we have been working on during the depression to attract business. I mean air conditioning, the latest architectural design, and interior equipment that practically consists of pushing a button to get anything you want.

"And your taxes ought to go down if we can take enough men off the relief rolls to build your house and a few hundred more with it."

"It sounds all right," said Zucker, "particularly your remark about a buyer's market. The brokerage business is picking up; and perhaps I'd better think it over."

"You watch market quotations," his friend answered. "Take a look at the cost of building materials, and everything else in connection with a new home, including the newest specifications, and let me know."

Two days later the two were at luncheon. And over the coffee a contract was signed to be filed with hundreds of others making up the statistics of the building revival in Canada.

TECHNICAL BODY WILL MEET SOON IN 50TH SESSION

Beatty and Gaby to Address Engineering Institute

CLEVELAND NEW HEAD

Annual meeting of the Engineering Institute of Canada in Hamilton, on February 6 and 7 will be the fiftieth to be held by the Institute.

Sir Edward Beatty is scheduled to address the meeting. F. A. Gaby, assistant to Sir Edward in the latter's capacity as president of the C.P.R., is retiring president of the institute. The in-coming president is E. A. Cleveland, M.E.I.C., of Vancouver.

H. U. Hart to Speak

Other speakers at the institute meeting will be H. U. Hart, M.E.I.C., chief engineer and general manager of the Canadian Westinghouse Co. Ltd.; N. B. Clarke, assistant superintendent of blast furnace and coke ovens of the Steel Co. of Canada Ltd.; and John M. Somerville of the Canadian Portland Co. Ltd., who will speak on "Ceramics."

Calgary Construction

Construction, alteration and demolition of buildings and signboards in Calgary during 1935 totaled 883 with a value of $890,968, compared with 836 and value of $697,094 in 1934.

CARTER-HALLS-ALDINGER Company, Limited
GENERAL CONTRACTORS
PUBLIC BUILDINGS — INDUSTRIAL PLANTS
TERMINAL GRAIN ELEVATORS—STREET PAVING
POWER DEVELOPMENTS — HIGHWAY WORK
Operating All Over Canada
Offices:
TORONTO - WINNIPEG - REGINA - VANCOUVER

EVERYTHING ELECTRICAL
for the Construction Industry
LIGHTING
Magnalux Luminaires
NOFUZ
Panelboards
MOTORS and CONTROL
ARC WELDERS
and Electrodes
REFRIGERATORS
RANGES
CANADIAN WESTINGHOUSE COMPANY, LIMITED, HAMILTON, ONTARIO
Westinghouse

RUSSELL CONSTRUCTION COMPANY LIMITED
General Contractors
Buildings, Bridges, Marine Work, Foundation Specialists, Valuations
504 HARBOR BUILDING Adelaide 1075 TORONTO, ONTARIO

STEEL STRUCTURES
RAILWAY AND HIGHWAY BRIDGES
PLATE AND TANK WORK
ELECTRIC AND HAND POWER CRANES
HYDRAULIC REGULATING GATES AND OPERATING MACHINERY
Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Gear Cutting, General Machine Work, Forgings.
DOMINION BRIDGE COMPANY LIMITED
HEAD OFFICE - - LACHINE (MONTREAL) QUE.
BRANCH OFFICES AND WORKS:
MONTREAL OTTAWA WINNIPEG VANCOUVER
AMHERST TORONTO CALGARY
AGENCIES: EDMONTON REGINA

Build With STEEL
and provide the maximum of labour for each dollar spent
CANADIAN STEEL STRENGTH SECURITY
Insist on 100% Canadian Steel

DOMINION FOUNDRIES AND STEEL LIMITED
Hamilton Canada
STEEL PLATE - TIN PLATE - STEEL CASTINGS

RE-INFORCING BARS
"On time" delivery of Dosco Reinforcing Bars is guaranteed—a guarantee faithfully observed for over 95 years by the Peck Rolling Mills Division of the Company. Plain and deformed rounds; plain, twisted and deformed squares; in mild, intermediate and hard steel grades. Standard sizes always in stock; special bars rolled on short notice. Prices and quality cannot be bettered. Enquiries invited.
DOSCO
DOMINION STEEL AND COAL CORPORATION, LIMITED
Executive and Sales Offices: Canada Cement Bldg., Montreal
● PECK ROLLING MILLS DIVISION

Life Blood!

Canadian Nationhood has its own form of "life blood" —Economists call it "purchasing power." THE MINING INDUSTRY has been, is, and will be, one of CANADA'S main sources of National life blood

Here is the Record
of
Noranda Mines, Limited

Ten years ago Noranda Mines, Limited was a prospect.

To-day it is one of the world's great copper-gold producers, and one of Canada's greatest sources of National Purchasing Power.

In that ten years, Noranda Mines has paid out over $20,848,000 in wages.

In 1935 alone it paid, for freight and express the sum of $987,000.

For supplies, in the one year 1935, Noranda has paid a sum in excess of $3,176,000.

The purchasing power represented by this one operation flowed into many and diverse channels.

FOR INSTANCE:

Coal and coke dealers received the sum of $398,000 of it in 1935.

To dealers in oils and greases went $168,400.

Makers of fire brick received $102,800.

Other items Purchased in 1935 were:

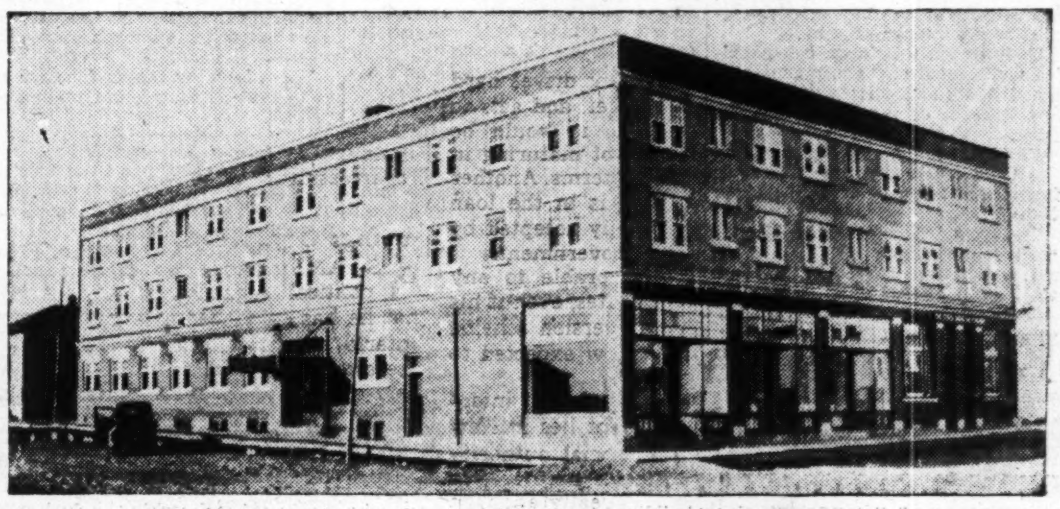
Explosives - - - -	$295,703
Lumber and Wood Products -	$68,000
Rock Drill and Parts - -	$61,884
Pipes and Fittings - - -	$42,600
Grinding Balls - - - - -	$76,565
Steel - - - - - -	$71,105
Rubber Supplies - - -	$33,900

Noranda Mines, Limited is proud of the part it has played in making the Canadian Mining Industry the indisputable bulwark it has been to the Dominion in latter years.

Noranda Mines, Limited

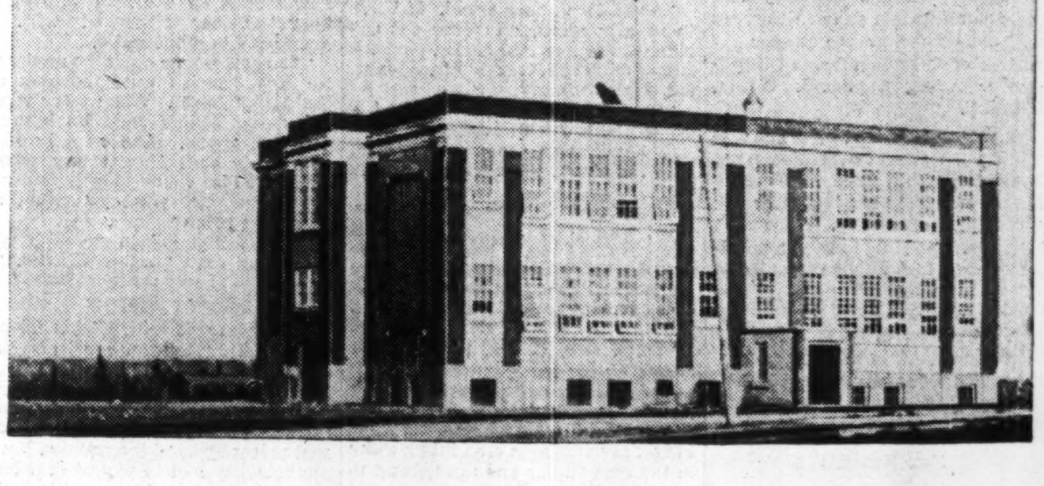
HEAD OFFICE AT TORONTO **MINES AT NORANDA, QUEBEC**

From the raw, uncivilized prospect, shown below, the plant of Noranda Mines, Rouyn copper-gold producer, has grown, in little more than a decade, to the highly modern and gigantic operation shown above. In the course of this dramatic growth, Noranda has gathered around it a thriving community of some 5,000 persons, with modern buildings and equipment as illustrated by the photos below.



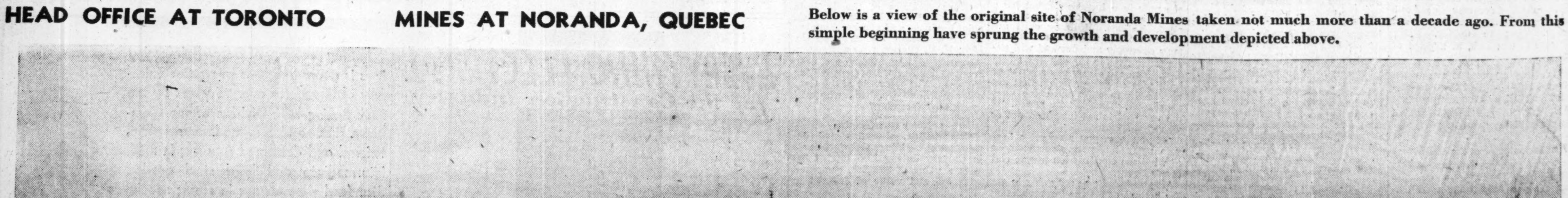
The town of Noranda is modern in every way. To the left is one of its hotels, through whose portals every day pass the stream of mining men, salesmen and others, all of whom are directly dependent on mining for a livelihood.

Noranda, like every live town, has its younger generation which must be educated according to modern standards. To the right is one of the fine schools in this busy community, up to the minute in style as well as interior equipment.



Here is a glimpse of the business section at Noranda.

Below is a view of the original site of Noranda Mines taken not much more than a decade ago. From this simple beginning have sprung the growth and development depicted above.



THE FINANCIAL POST

SECOND SECTION

Vol. XXX | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, JANUARY 18, 1936 | 10c a Copy; $5.00 a Year | No. 3

Ontario Can Make or Break Canadian Government Credit

Hepburn Intention to Strengthen Credit Conflicts Sharply With Repudiatory Acts of Government—Ontario's Next Financial Step Significant

WHICH WILL HE USE—TROWEL OR HAMMER?

By C. W. STOLLERY

WILL Ontario furnish the lead in restoration of government solvency in Canada? Or, is it possible that the wealthiest province will lead the way into a major government financial crisis?

These are questions that are being asked seriously by a host of investors. They stand out among the conscious or subconscious thoughts of financial men.

With the introduction of an income tax this year, the Hepburn government will have an opportunity to lead Canadian governments to balanced budgets. The net $15 millions of new revenue should at least cut a large slice off the huge deficit.

It is hardly too much to say that Premier Mitchell F. Hepburn of Ontario is one of the helmsmen of Canadian government finance; whether he likes it or not. In the next two years, it is possible for him—or for his successor—to steer a financial course that will save Canada's governments from a financial crisis of the first order.

* * *

Deficits Dark

IN THE last 5½ years, Ontario has run up deficits totalling approximately $190 millions. The public accounts don't show this fact clearly, because for several years Ontario has kept a confused set of books. Juggling of accounts has taken the form of switching expenditures between ordinary, "special" and capital expenditures. This is especially true of unemployment relief expenditures, which have been enormous.

The net result of the changes in bookkeeping methods has been to confuse both the expert and the layman as to the real deficit. The proof of the large deficits, however, lies in the increases in debt, which cannot very well be obscured by changes in accounting.

As provincial treasurer, Mr. Hepburn is looking at a debt and deficit record which should be shown approximately as follows:

Year	Ordinary and Capital Revenue $	Ordinary and Capital Expenditures $	Real Deficit $	Increase in Gross Debt $
1931	54,627,000	83,932,000	29,305,000	46,945,000
1932	54,346,000	84,874,000	30,528,000	53,752,000
1933	51,594,000	70,264,000	18,670,000	19,709,000
1934	50,191,000	113,940,000	63,749,000	61,633,000
*1935	26,801,000	43,131,000	16,330,000	23,260,000
†1936	61,178,000	93,111,000	31,933,000	?

*Five months ended March 31. † Budget estimates revised to include capital items.

Since the government does not make adequate allowance for debt retirement or amortization of its capital investments, full capital expenditures are included in the foregoing deficit calculations.

* * *

Income Tax

THE government's gold mine is the right to tax the people of Ontario. In 1936, the big strike will be a new income tax. It will extract possibly $15 millions net for the government, all new revenue.

The income tax will be collected by the Dominion government for Ontario. The taxpayer will make out a special return to the Dominion department. The Ontario tax schedule is nearly 50 per cent of the Dominion income tax rates used in 1935, but excludes the Dominion levy from taxable income.

* * *

Budget Possibilities

THE income tax revenue alone will not go far enough to balance the budget. An ordinary deficit of $14.6 millions was forecast in the last budget. Also, an excess of $17.3 millions of capital expenditures was anticipated. This would mean a real deficit of $31.9 millions, without allowing for unforeseen increases in expenses which apparently are greater than increases in revenue.

All told, it appears reasonable to expect a real deficit of at least $30 millions in the year ending March 31, 1936. The stated deficit may not be that large, but the real one may be greater.

April 1, 1936, will mark the commencement of a new financial year for the Ontario government. Can the budget be balanced in that year? The income tax revenue would reduce the deficit to $15 millions, perhaps less.

Owing to improvement in general business conditions, an additional $5 millions of new revenue is a possibility. First, of course, the income tax may produce more than expected. Taxes on corporations should also yield an increase.

Suppose the worst comes to the worst, and that next to nothing is cut off expenditures by economy. Then $10 millions must still be found to balance the budget.

* * *

Debt Problem

AN IMPORTANT avenue of economy is open to Ontario in connection with the funded debt which will probably exceed $700 millions by next March 31. Interest charges on the debt were $24.5 millions in 1934.

One way the government has tried to economize on interest charges is to borrow money for short term. Bond issues sold since 1934 have nearly all been for five years or less.

The Ontario debt of $680.8 millions last July 31 included $80.1 millions of temporary loans, counting savings office deposits. The $600.7 millions of "funded" debt includes at least $60 millions of bonds maturing within two years. At March 31 next, Ontario will find itself with over $140 millions, or 20 per cent of the gross debt, on a short term basis.

The adversities in the short-term financing policy are:

First, constant short-term borrowing may be due partly to inability to borrow on long term bonds at the most favorable rates, which, under present "easy money" conditions, would reflect lack of confidence in provincial finances;

Second, interest rates may rise so that the advantage of low long-term money may be lost if the short-term borrowing is continued.

* * *

Interest Savings

IF THE Ontario government drives hard towards a balanced budget, and acts to reassure nervous investors, it would be possible to fund all the debt maturing in 1936 and 1937 on favorable terms. Another possible source of savings is in the loan council scheme now virtually accepted by treasurers of Canada's 10 governments.

Premier Hepburn is favorable to any scheme to reduce interest rates, even if his own compulsory bond conversion scheme is spurned. Hence, he is now expected to back the loan council plan.

Another avenue for reduction of interest rates on the Ontario debt lies in New York. One important financial authority believes that if Mr. Hepburn were able to show that his budget were really about to be balanced—in fact, and not by the bookkeeping stratagems of the past—he could get American banking firms to sponsor a loan to reduce interest rates on Ontario's U. S. borrowings.

There is a danger of over-emphasizing possible interest savings. Already, debt refunding has come to be a politicians' cure-all for budget deficits. In the case of Ontario, as for other governments, the figures show that even if one-third were cut off the interest bill there would still be a large deficit. A broader sort of community sacrifice is necessary to achieve a genuine budget balance.

* * *

Hepburn Intentions

MR. HEPBURN started into office with the firm determination to balance the Ontario budget and improve the province's credit. He still has the same conviction as have many members of his government, although their acts seem designed to conceal it.

The view has been taken in the highest political quarters that Mr. Hepburn is out to destroy credit, rather than to rebuild it. This was the feeling that Mr. Hepburn gave the premiers' conference at Ottawa in December, when he was as much as said that credit meant nothing to him. The same destructive thought appears to have been behind the Hepburn proposal to compel all investors to exchange their government securities for three per cent bonds.

Why this conflict? Mr. Hepburn's personal character—described as a conflict in itself—apparently accounts for much of it.

Mr. Hepburn is described by those with whom he has been in close contact as a man with a hard head and a soft heart. He knows the Ontario budget must be balanced if the province is to maintain its credit. Under pressure, however, he finds it difficult to resist appeals of supporters and colleagues. This makes it difficult for him to make the economies in government that he knows are necessary.

He is a fighter. As a politician, he is one of the best liked and most feared in Canada. When it came to repudiation of Hydro power contracts, he termed it the "most difficult task of his career." He alone did not choose to do it; the hard head. Rumor has it that he gave way to the views of other cabinet members; the soft heart. Having taken the stand, however, he fights the repudiation through to the bitter end.

This stand resulted in exclusion of his nominees from the new King government at Ottawa. Still the fighter, Mr. Hepburn retorted by making his destructive proposals at the December conference, to the embarrassment of Ottawa.

* * *

Savings Office and Politics

AS AN instance of Mr. Hepburn's political sagacity, it is noteworthy that he has convinced a large part of the Ontario electorate that he humbled big interests in his bond issue tiff of last summer. Actually, financial interests have helped Mr. Hepburn, then and later.

An important development from the bond tiff has been a slight expansion of the Ontario Savings Offices. Only a few new branches have been opened. Mr. Hepburn had threatened to open 30 or 40.

The danger in a provincial savings office was demonstrated recently by the default of Alberta on its savings certificates. When the Aberhart social credit government was elected, nervous holders of Alberta certificates demanded their money. Since the government could not market its own bonds, it could not redeem the savings certificates and had to suspend payment.

Something similar happened in Manitoba a few years ago.

So the Ontario Savings Office may be a vulnerable point in Ontario's finances. Because the deposits are payable on short notice, they are included in Ontario's short-term, temporary debt.

* * *

Savings and Farm Loans

IT WAS in 1921 that the Drury farmers' government in Ontario decided to start a provincial savings office system. Throughout 1922, offices were opened. They attracted deposits partly because four per cent was paid on deposits while chartered banks only paid three per cent.

The Agricultural Development Board was the body through which the provincial deposits in the provincial savings system were to be lent to farmers. Actually in 1934, the Board's loans totalled $50.4 millions, and the deposits slightly less than $24.5 millions.

It has been recognized for years that Ontario will eventually have substantial losses on its farm loans. Mr. Hepburn and his colleagues knew it and intended to stop the lending policy. The opportunity to call a halt came last summer. As part of his sham battle with high finance, Mr. Hepburn announced the cessation of Ontario farm loans. He shrewdly grasped the opportunity to stop a drain on the provincial treasury, without making himself unpopular.

* * *

Investment in Hydro

IN THE provincial balance sheet, loans of the Hydro-Electric Power Commission of Ontario are shown at $187.8 millions in 1934. The Hydro's 1934 statement shows an investment in properties of $287.4 millions against which there were reserves of $69.4 millions. The net investment in properties, therefore, was $218.0 millions.

One way the Hepburn government can reduce its own debt to the public is to have the Ontario Hydro pay off substantial parts of the loans from the government. It was recently stated that policy henceforth would be to have the Hydro do its own borrowing. The first move in this direction is apparently being taken. The Hydro is paying back some of its loans. This will allow Mr. Hepburn to show the direct debt of Ontario lower than it would be otherwise.

* * *

Those Hydro Contracts

THE chief claim of Ontario Hydro to fame—or ill fame—in the past year has been the cancellation of contracts to buy power from four Quebec companies. These contracts would have involved a heavy expenditure for several years, but at the same time would have ensured an adequate supply of power for a long period. It is recognized by Hydro engineers and outsiders that at least part of the Quebec power is necessary to the Ontario Hydro to allow it to supply peak demands for electricity in southern Ontario.

The man who initiated and pressed the policy of repudiation of the power contracts was Hon. Arthur W. Roebuck, attorney-general in the Hepburn administration. He is viewed as a visionary. He has sympathies with the exploded single tax. His influence in the government, however, is powerful.

Before he became attorney-general, Mr. Roebuck was practicing law in Toronto. One of his less fortunate positions was the presidency of Diversified Investment Trust, which company has turned out unfavorably for shareholders.

Mr. Roebuck's influence was one of the forces behind Mr. Hepburn's introduction of legislation to outlaw the Hydro contracts. Mr. Hepburn was torn between the view that the contracts might be iniquitous and the knowledge that repudiation would weaken provincial credit. Mr. Roebuck appears to have worried little, if at all, about the effect of the repudiation upon the market for Ontario bonds.

Under new contracts that are still in process of arrangement, the Ontario Hydro undertakes to buy reduced amounts of power at lower prices for ten years. The question of power supplies after the ten years expire seems to have been given little thought as yet.

Another possibility that has not been widely considered is that if and when the Hepburn government goes out of office, some new government may tinker with the contracts; may even restore the old agreements.

The radical policy on the Ontario Hydro contracts has upset investors around the world. For the first time in years a Canadian bank president, Morris W. Wilson of The Royal Bank of Canada, has spoken emphatically against a government policy. The view of the Hydro repudiation taken by Mr. Wilson is that the seeming saving of money on the contracts will be costly in the long run because of the damage done to Ontario's good name.

From the political viewpoint, it appears improbable that the Hepburn government will even consider reversal of its Hydro policy. So this repudiation may remain a permanent blot on the government's record.

* * *

Municipalities in Default

DEFAULTS by municipalities in Ontario have been more serious than in any other province of Canada. Of approximately $500 millions of municipal bonds in Ontario, some $100 millions have gone into default.

One effect of this has been to make many Ontario municipal bonds unpopular. Investors have been questioning the real security in Ontario municipals as never before.

A startling situation among Ontario municipal defaults at present is in Windsor. This city has been expanded by merging with it the city of East Windsor and the towns of Sandwich and Walkerville. The four have debts totalling $40.2 millions. A finance commission appointed by Ontario has suggested that $13.4 millions be wiped off the debt and that interest rates be cut to three per cent on the remainder.

Investors feel that the Windsor scheme as proposed by the finance commission gives them unfair treatment.

* * *

Croll and Municipalities

HON. DAVID CROLL is the member of the Hepburn government in charge of municipal matters. He is also Minister of Welfare and one of the most influential cabinet members.

Mr. Croll has a queer training for the Ministry of Municipal Affairs. He is a lawyer and was mayor of Windsor even after his election to the Ontario legislature. Hence, he has a training in municipal affairs. His training, however, was in the worst area of municipal bankruptcy in Ontario.

As Windsor's mayor, he found his political colleagues constantly in dispute with supervision of the city's finances by creditor representatives. The result, it appears, is to give him a debtor, rather than a creditor, psychology. Also, in the case of the Windsor debt scheme he is not disinterested. He was mayor, and now represents the area in the legislature. "Dave" Croll is a self-made man. One of the few Jewish citizens who have ever attained cabinet rank in Ontario, he earned his first money selling newspapers on Windsor streets. With the shrewdness of his race, he has been able to maintain a position of power in politics despite the small remuneration of office. Whether he is wealthy is doubtful. Yet his political campaigns must, at times, have been costly.

Rightly or wrongly, investors have got the impression from Mr. Croll's administration that municipal bondholders are not getting the consideration they should. Consequently, entirely outside the direct finances of Ontario, the Croll department has tended to weaken creditor confidence in the government.

* * *

Huge Relief Cost

BECAUSE of the confusion of bookkeeping, what the relief of unemployment has cost Ontario in the depression may remain a permanent mystery. As Minister of Welfare, Mr. Croll is responsible for relief administration.

In addition to direct handouts of money and goods to people who live on relief, Ontario has spent millions on highways and other works to employ persons who would otherwise be idle charges on the government.

Just what expenditures should be charged to relief is an open field for debate. Here, however, is a summary of the less debatable items:

Expenditures on Unemployment Relief

1931	$ 5,057,000
1932	$13,509,000
1933	$13,379,000
1934	$39,260,000
Total	$71,205,000

The big jump in 1934 is attributed by the present government partly to the 1934 election. Part of the increase is apparently due to changes in accounting under the Hepburn government. Everything possible was charged up to relief expenditure in 1934.

In any event, the cost of relief has been an enormous burden on Ontario's finances. It is understood that some $19 millions will be charged to unemployment relief for the year ending March 31, 1936.

Obviously the burden of relief makes Mr. Croll's Department of Welfare one of the chief spending departments of government.

* * *

How Good is Credit?

IT IS apparent that the influences that have had an adverse effect on Ontario's credit are powerful ones.

Anyway, Ontario bonds have been soft. The greater comparative decline in the past year is shown below:

Comparative Bid Prices for Government Bonds

Government		Issue	Jan. 13, 1936	Jan. 3, 1935	Decline
Quebec	4¼%	1958	108.00	109.50	1.50
Dominion	4½%	1946-56	107.00	110.25	3.25
Ontario	4½%	1950	103.00	110.25	7.25

Ontario bonds are still ranked among the very best securities in Canada. In fact, Ontario bonds have been used for the 35-year record of the Dominion Bureau of Statistics as indicators of prime money rates in Canada. Because of their very respectability, however, it is all the more worrisome to investment circles to see Ontario bonds soft in contrast to the rest of the bond market.

* * *

Man of Finances

ONE man who watches Ontario bonds and finances with the keenest interest is Chester Walters, controller of finances for the province. He knows full well the value of keeping Ontario's credit good. He is an appointee of the present government and acts directly under the orders of Mr. Hepburn who is provincial treasurer. On one occasion at the Ottawa conference, Mr. Hepburn's dependence on Mr. Walters was exemplified by the cry: "Hey, Chester, 'Mitch.' wants you."

Here is the Hepburn conflict personified. Mr. Walters wants to see Ontario's credit upheld. Mr. Walters is working night and day to bring in the new income tax. His main ambition in life at present is to see the government's budget balanced. Yet, as a loyal supporter of Mr. Hepburn, he would find it difficult to admit that government policies have worked against his efforts to sweeten Ontario's credit.

Mr. Hepburn, through Mr. Walters, is trying to maintain the respectability of Ontario bonds. Yet Mr. Hepburn, as premier, has sponsored policies in directly the opposite direction.

* * *

Whence the Solution?

WHEN will the problems of Ontario's finances be solved and who will solve them? The present government should be in power until 1938.

Developments that are now taking place may be indicators of the methods by which the Ontario deficits and increases in debt will be handled.

First, there is to be collection of farm loans.

Second, Hydro loans are being collected.

Third, taxes and collections are being raised to swell the government's income.

Fourth, efforts will be made to reduce interest on the debt.

The combination tends to stop the direct debt from growing and to bring revenues toward balancing expenditures.

Where, though, is the economy programme? Eventually some painful pruning in departmental spending will be necessary.

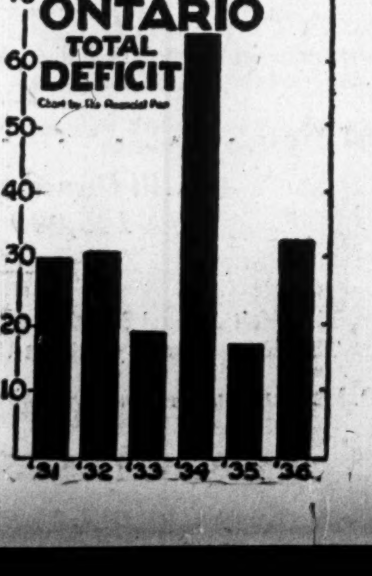
If Mr. Hepburn can carry on, he may gain fame as a statesman by unscrambling Ontario's finances and unjuggling the abused public accounts. He could even remove the Hydro blot from the provincial escutcheon. He will have to keep in control the more radical elements of the cabinet.

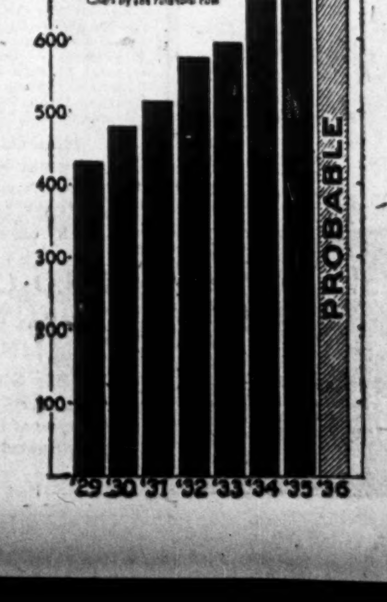
If someone else is in Mr. Hepburn's shoes, he too will have an opportunity to gain eminence in Ontario's history by correcting the government's financial situation. He, too, would have to "talk turkey" to cabinet ministers.

As long as Mr. Hepburn is premier, the issue is up to him.

Four Key Men in Ontario Finances

Hon. M. F. Hepburn — Hon. David Croll — Hon. A. W. Roebuck — Chester S. Walters





Retail Merchants Tie-up Voids Insurance Contract

Payment by Providence Assurance to Ontario Association Termed Breach of Act — Members Get Insurance Individually

Termed illegal by the Ontario attorney-general's department, the contract between the Retail Merchants Association of Ontario and the Providence Assurance Co. of Paris has been cancelled.

The Providence is continuing to insure properties of members of the Association against fire at the rates scheduled in the contract, but is doing so as ordinary underwriting—there is no longer any tie-up with the association.

Follows Enquiry

The ruling of the Ontario department follows an investigation asked by the Toronto Insurance Conference and the Ontario Fire and Casualty Agents' Association. These bodies (although it is stated that the exact connection was not known) acted on the belief that there was collusion between the insurance company and the association.

Monthly "good will" payments by the Providence to the Association figured largely in the decision. It was held that these constituted a breach of the insurance act. Payment of salary to an official of the association was also a factor in the enquiry.

The decision refers to the Ontario branch of the Association, but it is understood that much the same provisions in regard to the tie-up between the company and the association were in force in other provinces.

Will Accept Decision

Although assured that the ruling could be contested in the courts, it is not believed that the association will take such action.

One official expressed the view that "it would not take any action which would seem to be a challenge to the government."

The Financial Post is informed that several insurance companies are at present negotiating with the association with a view to writing fire insurance for its members.

In connection with the payment of salaries it is explained by the association that about a year ago the Provident Assurance Co., another member of the Provident group with which the contract was then in effect, decided that it would be good business if an official of the association travelled about with the representative of the insurance company to make contacts.

This was done, and the official was paid for his services. Payment, the association claims, was for his work for the insurance company only, not in connection with the association.

Deep-seated Cause

The cause of the action dates back some years. About 1920, the Retail Merchants Association was seriously considering entering the insurance business—it actually did in Saskatchewan.

It was looking for some feature which would make membership in the organization worth dollars and cents. Consequently, the Northwestern Mutual Fire Insurance Co. undertook to write the insurance of members of the association at preferred rates. In return the Northwestern agreed to restrict mercantile underwriting to association risks around which it built up a very nice volume of business.

Eventually, however, the insurance company wanted to further expand its business. So it asked the association to be released from the provision whereby its mercantile business was restricted.

The association was willing, but claimed that among members had been established good will which was of considerable value to the company. Thus developed a cash payment by the insurance company to the association.

Retains Goodwill Payments

When the association terminated the Northwestern contract in 1932, and contracted with the Provident group, the monthly payment provision was retained.

These goodwill payments are said to have been based on an estimate of the probable volume of business which the insurance company would receive.

Prior to the end of 1935 the association had two insurance contracts in force. One was that with the Providence covering fire; the other, on casualty risks, was held with the Provident Assurance Co.

The latter company formerly carried the association's fire business too, but for the past six months this has been in the course of transfer to the Providence.

The Provident explains that the association's business did not meet with the approval of their agents as a relatively low commission, 15 per cent, was paid.

Further it claims that the volume of business which it obtained through the connection did not reach expectations.

Under the contracts, members of the association obtained insurance at rates 30 per cent under tariff.

GAINS REVEALED IN EARLY FIGURES OF MUTUAL LIFE

Ordinary Business, Assets and Business in Force Show Gains

A total of approximately $40.7 millions of ordinary business paid for in 1935 (excluding group insurance and annuity contracts) for a gain of 15 per cent over 1934 is indicated by Mutual Life of Canada in a preliminary statement issued last week.

Group sales were considerably less than the substantial figure of 1934, The Financial Post understands. The combined total of group and ordinary business will exceed that of 1934.

Business in force at the end of the year is 1.2 per cent higher and now totals $527.4 millions. Terminations are reported 10 per cent lower than a year ago.

Income and Disbursements

A small decline in premium income was more than offset by increased earnings from interest, rents, etc., while the amount of profit and appreciation of ledger assets taken into income account ($139,600) was almost twice the corresponding figure a year ago.

Among disbursements, payments to policyholders were sharply lower though the amount debited as "loss and depreciation on ledger assets" was higher than in 1934 at $237,000. Surplus earnings for the year were up about 2 per cent though higher write-offs in respect of bonds and mortgages reduced the amount transferred to surplus funds to slightly below the 1934 figure of $4,058,000.

Assets up 5 Per Cent

Balance sheet changes shown in the preliminary statement indicate total assets higher by 5 per cent and an almost similar increase in free surplus. In addition, a further $300,000 has been added to the company's policy reserve contingency fund.

Comparative figures as far as they are available, follow:

	1935 $	1934 $
New ins. paid for*	‡40,746,000	35,431,340
Bus. in force†	527,372,000	521,174,304

* Excluding group business ($4,028,375 in 1934) and consideration for annuities $745,633 in 1934).
† Excluding annuities. ‡ Approximate.

	1935 $	1934 $
Net prem. inc.	17,713,255	17,796,925
Interest, rents (net)	6,932,551	6,633,876
Total income	27,469,834	27,053,012
Policy payments	12,491,234	13,248,950
Surplus earnings	4,988,498	4,885,866
Interest earned	......	4.98

Assets, Liability Items

	1935	1934
Total assets	152,630,000	145,411,734
Invest. reserve	1,200,000	1,200,000
Free surplus	4,714,916	4,506,494
Policy res. adj. fund	600,000	300,000

Economical Mutual Fire Obtains Dominion License

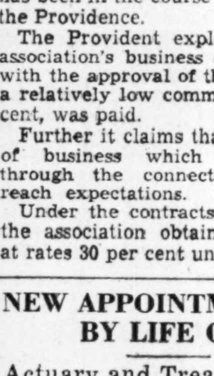
The Economical Mutual Fire Insurance Co., of Kitchener, has taken out a Dominion license for fire, earthquake, tornado, falling airplane, hail, sprinkler leakage, limited or inherent explosion and civil commotion insurance. Policies other than those for fire, are limited to risks on which the company has written fire insurance. F. W. Snyder has been appointed Canadian chief agent.

Taking out of the new license may be of significance in view of another of the Ontario mutuals, the Gore District Mutual Fire Insurance Co., having recently extended operations to western Canada.

NEW APPOINTMENTS BY LIFE OFFICERS

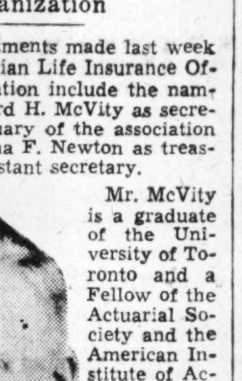
Actuary and Treasurer Complete Insurance Reorganization

New appointments made last week by the Canadian Life Insurance Officers Association include the naming of Leonard H. McVity as secretary and actuary of the association and Miss Edna F. Newton as treasurer and assistant secretary.



L. H. McVity

Mr. McVity is a graduate of the University of Toronto and a Fellow of the Actuarial Society and the American Institute of Actuaries. He has been in the actuarial department of The Manufacturers Life Insurance Co., for several years. His appointment is effective Jan. 15.



Miss E. F. Newton

Miss Newton has been on the executive staff of the association for upward of ten years. Her new appointment was effective Jan. 1.

These appointments complete the reorganization of the executive offices of the association initiated some weeks ago with the appointment of R. Leighton Foster, K.C., formerly superintendent of insurance for Ontario, as general counsel of the association.

Eye-glass Insurance Carried by Eagle, Star

The Eagle, Star & British Dominions Insurance Co. in London, Eng., has announced eye-glass insurance against breakage. The new policy is not being written in Canada, however. At present, there is little, if any, of this type of insurance sold in America. Some years ago a number of the United States marine companies experimented with it, but loss experience was exceptionally bad.

The policy of the British company covers loss up to £5 and continues in force in any part of the world. Premiums on individual policies are five shillings on the first pair, four on the second, and three shillings sixpense on each subsequent pair.

FIDELITY
Insurance Company
of Canada
TORONTO

Heads Dominion Fire

C. S. MACDONALD

Who has been appointed president of the Dominion Fire Insurance Co., succeeding the late R. L. Massie.

R. H. L. Massie has been appointed vice-president. Mr. Macdonald is president of the Confederation Life Association, chairman of Dominion Scottish Investments and holds several other directorships.

SEES INCREASED INSURANCE SALES AHEAD FOR 1936

Life Insurance Prospects Good, Says Economist of Travelers

Reasons why 1936 should be a better year than 1935 for the sale of life insurance are given by Professor W. B. Bailey, economist, Travelers Insurance Co. in the company's agency publication. Professor Bailey sees no boom year ahead but forecasts a good year with improved sales over 1935.

He points out that the total volume of insurance owned today is actually greater than in 1929 when income was nearly twice as great. In other words if in 1929, 2½ to 3 per cent of total national income was being invested in life insurance the corresponding figure today would be 4½ to 5 per cent.

Income Possibilities

"In many cases," says Professor Bailey, "the average citizen has had to practise economies to enable him to hold the life insurance he now owns. He will not be in a position to add substantially to his life insurance holdings until his income increases. What are his chances for increased income during 1936?

"If he is a farmer I would expect him to continue to do well. If he is a doctor or dentist, he should find more people able to pay for his services in 1936 than he did in 1935—and he found more in '35 than he did in 1934. If he is an architect or an engineer he should be more steadily employed. If he is a merchant, he is likely to do a bigger business than he did in '35, although that was a good year for retail merchants. If he is a skilled mechanic, he should be more steadily employed at higher wages, for there is a growing shortage of skilled workers. If he is a salaried man, his chance of increased income depends on the prosperity of his company, his ability and the supply and demand for men in his particular line.

Selection Needed

"If his work is such that his employer could easily find a dozen men or women to take his place at a salary less or no larger than he is receiving, his prospects for increased income are not particularly good. On the other hand, if he is making a valuable contribution toward his company's increased prosperity his efforts are not likely to go unrewarded—because some other company will snap him up if his own company doesn't seem to appreciate him.

"There should be plenty of men who are able to increase the amount they are investing in life insurance during 1936; but the experienced life insurance salesman will continue to select his prospects carefully. He will spend his time on those whose incomes are increasing and let the others wait until they show signs of increasing prosperity.

"It would not surprise me to see the present percentage invested in life insurance sustained when the national income climbs back to the 1929 levels and higher. This would mean that when we again reached the 1929 income level, we would be investing about a billion dollars more a year in annual premium life insurance than we were in 1929."

Penetang Enquiry Resumes

The investigation into a number of fires in properties owned by J. T. Payette, of Penetang, which was adjourned in December resumed on Jan. 16.

INSURANCES
at Competitive Rates
on the
London Market

We offer the facilities of the London Insurance Market to responsible Brokers and Agents throughout Canada on the following lines:

Fire — Automobile — Atlantic, Pacific and Churchill Marine—St. Lawrence and Great Lakes Marine — Inland Transportation — Municipal Liability —Special War Covers—Public Liability—Burglary—Riots—Sprinkler Leakage—Use and Occupancy — Rents — Windstorm — General Accident — General Fidelity — Accountants and Solicitors Indemnity — Brokers and Bankers Bonds — Cash in Transit — Miscellaneous.

Immediate Covers
Prompt Settlements

A Hint to Insurance Brokers:—Business Executives now know that most covers are improved when "LLOYD'S" carry part of the schedule.

ANGLO-CANADIAN UNDERWRITERS LIMITED
320 Bay Street, Toronto
Business Organised in 1901
Insurances at Lloyd's since 1925
Incorporated January, 1935
Chairman Robt. H. Cook — Underwriter Edwin T. Cutts

Life Company Shareholders, 10.

Excelsior Life

Fasken Family Hold Controlling Interest — Purchased Gooderham Stock

Excelsior Life Insurance Co. has 80 shareholders who have paid in cash $150,000 on five thousand shares of stock subscribed. As with other leading life insurance companies, the bulk of this company's funds which in terms of assets totalled almost $20 millions at the end of last year, is held in trust for policy holders.

Almost half the shares outstanding are held by the Fasken family, the bulk of which (1,922 shares) are held by the executors and trustees of the late David Fasken. Alex Fasken, president of the company, holds 572 shares, while Mrs. Isabel Fasken is shown with 92.

Gooderham Stake

The Fasken interest in the company dates back to the days when David Fasken was a law partner in the firm of Beattie, Blackstock, Fasken and Nesbitt. Closely associated with the famous Gooderham family, this legal firm did the business for many enterprises in which the firm's principals or their next of kin were interested. Thus, on the death of George Gooderham, David Fasken purchased the bulk of the shares of Excelsior Life held by the famous distiller. The Fasken family have retained these ever since.

Holdings of the shareholder directors of the company are for the most part not large, and apart from those of Alex Fasken, K.C., are as follows: J. L. Ross, vice-president, 35 shares; George E. Weir, Dresden, Ont., 35 shares; S. F. Duncan, 100 shares; Frank E. Maulson, 100 shares; Henry S. Gooderham, 25 shares; George S. Kilbourn, Owen Sound, 143 shares; Albert Matthews, 25 shares.

The estate of George Gooderham still holds some 200 shares, while other members of the Gooderham family retain an interest in the company.

A complete list of shareholders at the last date for which official information is available (Dec. 31, 1935) follows:

Name and Address	No. of Shares
Aiken, Albert H. & Harvey, Allenford, Ont.	1
Audet, L. N., Sherbrooke, Que.	10
Ardagh, H. G., Toronto	10
Begg, Herbert A., Toronto	59
Bennett, Mrs. Florence, Toronto	5
Bennett, Mrs. Mary, Adm. of property, Edward Bennett, deceased, Vancouver	10
Booth, Miss Gertrude E., Pembroke, Ont.	50
Breese, William Chatsworth, Ont.	1
Bridgland, Mrs. Mary E. W., Calgary	5
Brown, Mrs. Cornelia C., Owen Sound	29
Brown, Mrs. Mary Locke, Kingston	10
Burkinshaw, F. A., Toronto	7
Christie, Mrs. Marie A., Toronto	10
Clarke, Mrs. Margaret Ann, Laura, F. L. M. Clarke and R. Watson, F. Clarke, Exec. of Richard Clarke, Weyburn, Sask.	14
Colter, Harold D., Sarnia, Ont.	5
Creasor, Estate of A. D., Owen Sound	25
Dark, T. A., Toronto	25
Dickson, Estate of Jessie, Pembroke, Ont.	10
Duncan, S. F., Toronto	100
Fasken, Alex., Port Credit, Ont.	401
Fasken, Mrs. Alice, Robert Fasken, Alex. Fasken, and C. Q. Parker, Ex. and Trustees of will of David Fasken, deceased, Toronto	1,922
Fasken, Mrs. Isabel, Port Credit, Ont.	92
Ferguson, Dr. William E., Toronto	22
Frawley, M. J., Barrie, Ont.	10
Gillies, John S., Attorney for Exec. of the Estate of late James Gillies, Carleton Place, Ont.	79
Gooderham, A. E., Toronto	100
Gooderham, Henry S., Toronto	25
Northrop Strong Securities, Toronto.	75
Gooderham, W. G., Toronto	85
Gooderham, Estate of George, on a-c L. M. Beatty, Toronto	100
Gooderham, Estate of George, on a-c H. V. Blackstock, Toronto	100
Gooderham, Estate on a-c V. D. Bird, Toronto	100
Gooderham, Est. of George, on a-c Mrs. A. M. Ross, Toronto	100
Gordon, Mrs. Jane Rowan, George Gordon and J. H. Reeves, Exec. and Executors, last will of R. W. Gordon, deceased, Pembroke, Ont.	29
Grass, Mrs. Gladys H., Toronto	2
Green & Robertson, Ottawa	11
Gulledge, E. H., Oakville, Ont.	26
Kerr, Miss Edith R., Cobourg, Ont.	1
Kilbourn, G. S., Owen Sound	143
Laird Bros., Fresden, Ont.	21
Macpherson, Mrs. Eliza A., Toronto	14
McCullough, Thos. Hugh B., Weyburn, Sask.	5
McFaul, A. W., Owen Sound	9
McFarland, Wm. L., Toronto	18
Matthews, Albert, Toronto	25
Maulson, F. E., Toronto	100
Royal Trust Co. and A. C. Mitchell, exec. & trust of C. W. Mitchell, Ottawa	10
Morden, Mrs. Mary A., Hamilton	19
Moulds, Ernest, Ottawa	10
Muckle, C. P., Toronto	10
Parker, C. Q., Toronto	200
Perley, Sir George H., Ottawa	100
Robertson, Est. of Capt. W. T., Owen Sound	7
Robinson, Mrs. Maggie May, Sioux Lookout, Ont.	10
Ross, James L., Erindale, Ont.	35
Schmidt, Mrs. Annie Kate and Miss Mary Alberta Schmidt, Pembroke, Ont.	5
Smith, H. B., Toronto	60
Strathy, Miss E. M. L., Toronto	10
Strathy, G. B., Toronto	10
Strathy, J. G., Toronto	5
Sterling Trusts Corp. (in trust), Toronto	5
Thornton, T. P., Toronto	26
Tinning, Est. of J. B., Toronto	1
Ward, Miss Clara, Toronto	5
Widdifield, Mrs. Anne C., Toronto	5
Weir, Misses Caroline and Catherine, London	83
Weir, George E., Dresden, Ont.	35
Wheeler, Mrs. Anne L., St. Paul, Minn.	12
Whitty, W. J., Stirling, Ont.	10
Wilson, Miss Mabel A. M., Woodstock, Ont.	5
Woolings, Mrs. A. B., Toronto	7
Wright, E. Frank, Special Trustee Joseph Wright Estate, Toronto	55
Wright, E. Frank, Toronto	55

Insurance Inklings

The Pacific Coast Fire Insurance Co., Vancouver, has been licensed to write fire insurance in the United States.

Halifax Fire Insurance Co. paid a regular semi-annual dividend of 45 cents a share on Jan. 2.

La Compagnie d'Assurance Frontenac contre l'Incendie is transferring head office from Quebec city to Montreal.

F. R. BROOKS, branch manager of the London Life Assurance Co., has been elected president of the Life Underwriters' Association of Kingston.

GRANVIL R. SINCLAIR has been elected president of the Life Managers' Association of Kingston.

CHAS. E. STYLES, Sydney, has been chosen president of the Cape Breton Life Underwriters' Association.

Premium Volume Among Insurers May Rise in '36

The highest premium volume since 1929 is predicted for insurance companies in 1936 by W. B. Bailey, accountant of the Travelers Insurance Co. Both automobile and fire business should be better, he believes.

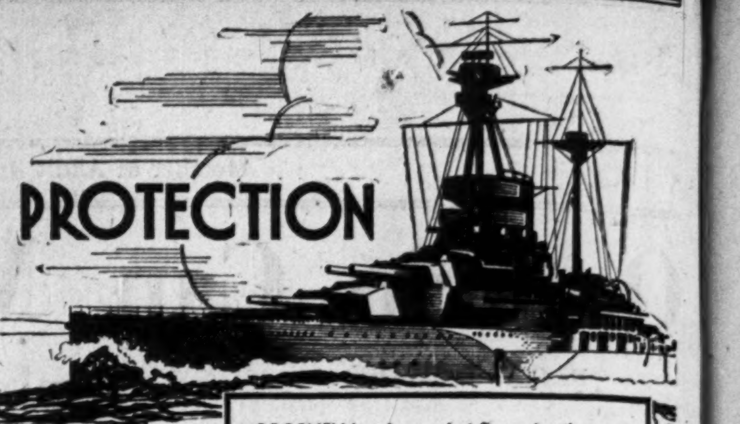
Prosperous years for automobile manufacturers usually mean good years for automobile insurers, he points out. The automobile industry is looking for a large volume of business in 1936.

Then there is a trend away from purchases based on price alone, as illustrated in the increasing popularity of medium and higher priced cars. For this reason he considers that people who discontinued their insurance or who adopted cut-rate insurance to save money may again be willing to pay a fair price.

Home Building

In regard to fire insurance, Mr. Bailey speaks of the marked pick-up in residential building, particularly during the last six months of 1935. Even better prospects for building in 1936 carry with them new opportunities to write residence insurance. Moreover, furniture and home equipment sales have risen so that in many instances household possessions are inadequately protected against fire.

The increasing realization of the seriousness of the automobile accident situation is considered as providing a more fertile field in which to sell accident insurance.



WHEN insuring against fire, enjoy the protection of a purely Canadian company, with assets exceeding $2,000,000.00 and an unsurpassed record for over 64 years of prompt, fair settlements of losses. Consult your agent.

ECONOMICAL MUTUAL FIRE INSURANCE COMPANY
HEAD OFFICE KITCHENER ONT

A COMPLETE SERVICE for Insured and Agent

Agency Inquiries Invited

8 company claims offices in leading centres in Ontario—claim service arrangements in the United States—complete coverage for automobile, fire, accident, teams, burglary, plate glass, cargo, elevator, general liability, and fidelity and surety bonds.

HEAD OFFICE: 199 BAY ST., TORONTO
PILOT INSURANCE COMPANY

The Portage La Prairie Mutual Insurance Company
Portage la Prairie, Man.
MONTREAL TORONTO WINNIPEG REGINA VANCOUVER
WRITING FIRE AND WINDSTORM
Est. 1884
DIRECTORS
Jas. McKenzie — A. B. Currie
P. D. McArthur — Arthur Sullivan, K.C.
Robt. McDermott — J. C. Miller, K.C.
Jos. Trimble — E. H. Muir, Vice-President
M. G. TIDSBURY, President — A. H. THORPE, Manager
82

TRAVELLING?

Whether you are going South, world-cruising, or on a business trip — it costs but little to insure your baggage and valuable clothing. If you are protected against loss by a BRITISH NORTHWESTERN Tourist Baggage Policy, you'll be free from worry. Write for full information, or telephone our Toronto agents.

BRITISH NORTHWESTERN FIRE INSURANCE COMPANY
Guaranteed by Eagle, Star & British Dominions Insurance Company Ltd.
HEAD OFFICE FOR CANADA: 217 BAY ST., TORONTO
Toronto Agents:
Armour, Bell, Boswell & Cronyn Ltd., 24 King St. West

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE WASHINGTON
BRANCH OFFICES: TORONTO, HAMILTON, OTTAWA, VANCOUVER, VICTORIA, EDMONTON, CALGARY, SASKATOON, WINNIPEG, MONTREAL, QUEBEC CITY, ST. JOHN, HALIFAX
WRITING FIRE AND AUTOMOBILE INSURANCE AT COST. ASSETS $5,183,603.19
ALL POLICIES NON-ASSESSABLE PAYING DIVIDENDS RANGING FROM 20%. TO 30% ON RENEWALS

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE LIABILITY — WINDSTORM — SPRINKLER LEAKAGE — DOCTORS' AND DENTISTS' LIABILITY — AUTOMOBILE PLATE GLASS
Head Office—WAWANESA, Man.
Eastern Office—341 CHURCH ST., TORONTO, Ont.
Branches also at Vancouver, B.C.; Edmonton, Alta.; Regina, Sask.; Winnipeg, Man.; Montreal, P.Q., and Saint John, N.B.

THE MUTUAL LIFE Assurance Company OF CANADA
Established 1869

Public Confidence Is Reflected in the 66th Annual Financial Statement

NEW ASSURANCES PAID-FOR (excluding Group and Annuities) - INCREASED 15%
TERMINATIONS - DECREASED 10%

PROFIT AND LOSS ACCOUNT
for the year ending December 31st, 1935

Surplus Funds as at December 31st, 1934, consisting of:			
General Investment Reserve		$ 1,200,000.00	
Policy Reserve Adjustment Fund		300,000.00	
Free Surplus for Contingencies		4,506,494.30	
			$ 6,006,494.30
INCOME			
Premiums (net)	$17,713,255.39		
Interest and Rents (after provision for possible losses)	6,932,550.81		
Supplementary Contracts	2,684,437.00		
Profit and Appreciation on Ledger Assets	139,590.43		
		$27,469,833.63	
EXPENDITURES AND RESERVES			
Death and Disability Claims, Matured Endowments, Surrendered Policies, Supplementary Contracts, etc.	$12,491,233.59		
Increase in Actuarial Reserve and Amounts Left on Deposit	6,364,131.55		
Commissions, Taxes and General Expenses	3,338,499.44		
Loss and Depreciation on Ledger Assets	237,470.71		
Amount Written Off Head Office Premises	50,000.00		
		22,481,335.29	
Surplus Earnings for Year		$ 4,988,498.34	
Special Charges:			
Additional Amount written off Book Value of Bonds	$ 645,746.65		
Specific Reserve against Loss of Principal on Mortgages and Sale Agreements	209,754.97		
Staff Pensions	113,815.00		
		969,316.62	
Net Amount Transferred to Surplus Funds			$ 4,019,181.72
TOTAL			$10,025,676.02
Deduct:			
Surplus Paid or Allotted to Policyholders			3,510,760.46
Surplus Funds as at December 31st, 1935, consisting of:			
General Investment Reserve		$ 1,200,000.00	
Policy Reserve Adjustment Fund		600,000.00	
Free Surplus for Contingencies		4,714,915.56	
			$ 6,514,915.56

Assurances in Force (excluding Annuities) - $527,372,000

Total Assets - $152,630,000

All Owned by approximately 145,000 Policyholders

The 66th Annual Meeting of the Policyholders will be held on Thursday, February 6th, at the Head Office, Waterloo, Ontario.

R. O. McCulloch, President — W. H. Somerville, General Manager

Stores Greet Better Times With New Faces and Equipment

Dominion Stores, Loblaw, Tamblyn Completely Overhaul Units—Big Business for Equipment Firms

By H. L. SOUTHALL

Modernization and general renovation of Canadian retail stores, both independents and chains, is proceeding at a faster rate than ever before in Canada, according to executives of companies supplying store equipment and fixtures. This applies not only to store fronts and display equipment, but to lighting and air conditioning.

That the retail field offers a tremendous market for new equipment when it takes definite steps to throw off the profit-sapping shackles of obsolescence, is indicated by the large number of units involved. The 1930 Dominion Census of Trading Establishments showed that there were 42,224 service establishments. The retail merchandise stores in that year had a sales volume of $2,753,319,900 while the service establishments did a business of $248,555,900.

Sensitive Customers

It is obviously essential that places of business through which three billion dollars of business is done in a year, must of necessity be fully modern because they cater to a public taste which is very easily offended by poor lighting, unclean premises, old-style windows or poor store display equipment. The current recovery in business is causing many retailers to embark on a programme of store modernization which in many cases represents the accumulated requirements of some five or six years.

What are the reasons for this sudden rush to improve retail premises? Here is how some of the supply firms answer this question. First, it is a reflection of general business recovery, which encourages the merchant to make expenditures which he could not previously afford to do. Second, the increased competition in all lines has made it necessary for all merchants to attempt to keep up to the most progressive ones, because so much more business can be done through attractive stores with modern equipment and better facilities for display.

Competitors Follow

One large plate glass company reports that when a retailer on a certain street puts in a new modern store front, in many cases his opposition on the same or a neighboring street decides to do the same, because he finds that he loses a great deal of business if he doesn't. Both in the large cities and in the smaller towns it has been found that an attractive front can display goods to such greater advantage that others are forced to renovate theirs also.

Modernization and renovation programmes have recently been carried on on a large scale by the chain stores in particular, but it has been by no means confined to them, as independents have also fixed up their stores to attract more business.

Modernize Many Stores

One example of modernization on a large scale, is the programme carried on by the Dominion Stores during the past year or so. Thomas L. Johnson, advertising manager, reports that about seventy-five stores in the Toronto district have been modernized during the last three years, or about 25 per cent of the stores in this district. About sixty of this number were done in the early part of this year. Loblaw stores have also undergone many changes during this period, notably the transition to the "market" type of store, of which there are now forty out of a total of 110 stores. A glass company reports that many independent retailers are modernizing their stores in a determined effort to compete more favorably with the chains.

This movement toward more attractive and convenient stores is evident in the U.S. as well, where it is reported that 80 chains, operating 21,000 stores have spent more in modernization this year than in the last two years. Renovation total for 1935 approaches $70 millions, against $37 millions in 1934 and $33 millions in 1933. $2,300,000 was spent on air conditioning in 1935.

The work of renovation follows along two main lines. New store fronts, fixtures, lay-out, and general decoration and extension, and installation of modern equipment such as scales, refrigeration equipment and cash registers.

Plate Glass

Large Canadian plate glass companies report that they have never seen so many new store fronts being put in as in recent months. These jobs range from $200 to $2,000 in price, and are intended to attract women buyers in particular, because it is felt that they favor well lighted, attractive shops. A company, which manufactures store fixtures, show cases, etc., states that there have been just as great improvements along these lines as there have been in store fronts. This company reports that there is a noticeable trend toward quality merchandise, and that this is reflected by a desire upon the part of merchants to install quality equipment.

During the early years of the depression, when economy was at a premium, there was a tendency on the part of merchants to install cheap fixtures and make up for a lack of quality by bright colors. It is reported that this is no longer effective and there has been a definite swing back to the high quality type of fixtures, with an increased use of natural woods as a background.

Dominion Stores

Reference has already been made to the programme of the Dominion Stores. This modernization work included a new type window, store fronts of white metal and black tile, complete redecoration of interior and exterior of every store in the chain, and refinishing of floors. The old familiar "red front" is no more, and in its place is a two tone green color scheme, which, it is felt, gives more of a suggestion of quality. Cellars have been white-washed and store lay-out has been generally standardized.

Loblaw Groceterias have also followed an active policy of store modernization and stores in all districts have received attention. This company's policy has been to develop its present stores into the large market type.

Originally the Loblaw chain consisted of all straight grocery stores, but in the last three or four years meats, fruits and vegetables have been added in many cases.

At first the company endeavored to operate what it called a meateteria. This was a special refrigerated display case with the kind, weight, and price of different cuts on display. Customers picked these out just as they did groceries from the shelves, and paid for them on the way out.

Loblaw Meats

Now, however, the meateteria has again developed into large market-type stores in which there is a special meat section and a fruit and vegetable section. In the meat section, service is given and a customer may have any piece of meat cut from a carcass desired. Service is also given in the fruit and vegetable department, and in the biscuit department, but the rest of the store is self-serve.

Stores have been re-arranged and redecorated in such a way as to make the store more convenient and pleasant for shoppers. No new stores are to be established until this programme is completed. Store fronts have been re-designed to present a more modern appearance.

An important phase of the modernization programmes followed by the various companies is said to be the increased use of new equipment of all kinds. Electric refrigeration has been installed in many stores. This is one of the largest items in the total expenditure on modernization. Many new types of cash registers, and other equipment are coming into wider use.

Electrical Equipment

There are now nearly 40 of the new Loblaw market type stores, on each of which the company has spent thousands of dollars for modern equipment, including long refrigerated counters, electrically operated meat choppers and meat slicers, and modern computing scales.

A special design of cash register is used which separates sales in three departments, gives the store the total of each day's business in the three departments, and provides the customer with an itemized receipt so that the various prices charged may be checked over.

During the past year, the company enlarged its warehouse to include a special department for handling meats and another for fruit and vegetables. The meat section is of a type regularly used by abattoirs for storing at the proper temperature. Special machines for cutting carcasses have been installed. In the fruit section, there is a special banana ripening room, designed to save money.

Dominion Stores also report considerable recent investment in modern refrigeration equipment, and have installed the new Sherer-Gillett Diffusion type counter. A. & P., Stop and Shop, and other chains have also installed this equipment, and it is reported that those chains operating meat and vegetable departments have replaced the old hand slicers and choppers with the electrically driven machines. This equipment not only speeds up service, but turns out a uniform job, and it is said that electric slicers allow the elimination of the great waste of the ends of meat which obtains when less efficient methods are used.

Development of the market type store has greatly increased the number of cash registers in use, and it is reported that there are many registers of an advanced type such as are used by Loblaw stores, in most of these market type stores.

Cash Registers

Departmentalization of drug stores, in an effort at greater efficiency, has also increased considerably, and requires the use of more cash registers. One of the more revolutionary changes in drug stores is the tendency toward the open dispensary, which a few stores are installing, and which is reported to be gaining favor. Other tendencies are similar to the changes in other types of stores—larger display windows, more attractive and modern store fronts, and more effective interior displays and arrangement of show cases.

Air conditioning has been adopted in a large number of stores of all kinds but has made its biggest advance in the United States. Though this industry was held up considerably during the depression it is reported to have gone ahead rapidly during the last couple of years in this country as well.

The T. Eaton Co. in remodelling a large section of its Toronto downtown store a year ago added air conditioning. The Tamblyn chain of drug stores reports that it is its intention to establish this equipment in one or two of its stores at an early date, and if the cost of installation becomes less in the future, it is expected that a large number of its stores will be so equipped. Air conditioned drug stores in the United States report that business has been greatly increased, particularly at the soda fountain as the store is made much more comfortable for the customers.

Soda Fountains

General Steel Wares Ltd., Toronto, reports that there are more installations of the latest style soda fountains than there have been in some time, and that many drug stores are now installing soda fountains for the first time. This equipment has been greatly improved during the last few years, and it is reported that a large number of replacements are being made in those stores and restaurants where equipment has become obsolete.

Benefits

When a storekeeper decides to fix up his place of business there are many people besides himself and his customers interested.

New equipment means new business for the people who manufacture plate glass, store fixtures, scales and cash registers.

It means additional sales for producers of fancy tile, of paint, of meat choppers.

It means more electric refrigerators, more metal trays, shelves and electric fixtures.

It means work for the plumber, electrician, carpenter, painter and bricklayer.

And not only one order but dozens, because as Mr. Southall, who is editor of Hardware and Metal, points out, when one retailer modernizes his store, competitors invariably follow.

Montreal Commission Asks Aid from Quebec

From Our Own Correspondent

MONTREAL. — Montreal Metropolitan Commission will approach the Quebec Government with a petition that the commission be relieved of the burden of about $60,000 a year which it must furnish for direct relief in three bankrupt municipalities which come under its control, namely, Pointe aux Trembles, Montreal North and Ville St. Michel.

The proposal has been advanced to the government by the commission on several previous occasions, but to date no definite action has been taken by the Quebec Government.

In support of the proposal it is pointed out that the commission had been created to shoulder the burden of the defaulted debts and deficits of these three towns, but not to finance the relief of their unemployed.

Direct Relief Cost Cut For N. B. Municipalities

From Our Own Correspondent

MONTREAL. — New Brunswick municipalities will only be called upon to pay 25 per cent of the cost of direct relief during the four months ending March 31, 1936, according to announcement made by Premier Dysart.

The premier explained this plan will give to municipalities substantially the full benefit of an increase in the monthly grant allowed the provincial government by the federal government for relief purposes.

Penmans

Manufacturers of High-Grade

KNITTED UNDERWEAR HOSIERY AND OUTERWEAR

Mills at: Paris, Brantford, London, Waterford, Ontario; Coaticook and St. Hyacinthe, Quebec.

PENMANS LIMITED

General Offices: PARIS, ONT.

PEN-ANGLE WARRANTED KNIT-GOODS

During 1935 The Northern Life continued to "March Ahead" in all phases of the Company's operations.

Increase in Assets — Assets increased $401,720, thus adding to the security standing behind the Company's policy contracts.

Increase in Surplus — Free surplus was again increased thus maintaining an unbroken record of surplus improvement each year since 1929. Total surplus for policyholders' account is now $555,399.

Quality of Investments — During the year the Company's new investments were carefully selected. All assets were re-appraised and, if necessary, re-valued. Substantial amounts were added to all investment reserves. Northern Life investments are well selected and well diversified.

Gain in Force — Business in force was increased during the year. The ordinary business in force showed an increase in addition to an increase in the Company's group business.

Increase in New Business — New business (Issue together with revivals and increases) amounted to $7,302,551 and was well in excess of the business of the previous year. Business paid for increased substantially also.

Ask a Northern Life salesman why people prefer Northern Life policies.

43

Northern Life Assurance Company of Canada

Established 1897 — Home Office: London, Canada

Melt the heart of winter with our warming welcome

AT

CHALFONTE HADDON HALL

Enjoy one of our cheerful rooms and all that goes with it—the Ocean Decks and lounges; the game rooms, squash courts and library; the dances, concerts, and countless other amusements. And don't forget the food.

$7 up at Chalfonte, $8 up at Haddon Hall, single, American Plan. $5 up at Haddon Hall, single, European Plan. Special weekly rates.

Leeds and Lippincott Company

ATLANTIC CITY

NEW HORIZONS beckon New Opportunities

BROADEN YOUR TRADE VISION

Your Trade Representatives in Export Markets

Trade Commissioners located in

Argentina	Buenos Aires
Australia	Melbourne
Belgium	Brussels
Brazil	Rio de Janeiro
British Malaya	Singapore
British West Indies—	
Trinidad	Port of Spain
Jamaica	Kingston
China	Shanghai
	Tientsin
Cuba	Havana
Egypt	Cairo
France	Paris
Germany	Hamburg
Hongkong	Hongkong
India and Ceylon	Calcutta
Irish Free State	Dublin
Italy	Milan
Japan	Tokyo
	Kobe
Mexico	Mexico City
Netherlands	Rotterdam
Netherlands India	Batavia
New Zealand	Auckland
Norway	Oslo
Panama	Panama City
Peru	Lima
South Africa	Cape Town
	Johannesburg
United Kingdom	London
	Liverpool
	Bristol
	Glasgow
United States	New York City

Their services are always at the disposal of firms and individuals interested in Canada's trade expansion. Letters of enquiry on any phase of export trade are welcome.

L. D. WILGRESS
Director of Commercial Intelligence Service

Canada is endowed by nature with all the potentialities of a great exporting country. Farms, forest and fisheries, mines, power and waterways, combine to produce much of what the world wants.

The work of nature has been supplemented by the imagination, the initiative, the intelligence and the energy of a virile people in providing the facilities of exporting both the natural products of the Dominion and the products of Canada's modern factories.

Problems of production have indeed been amply solved—it is the problem of distribution that demands attention.

True, Canada is well served in the matter of transportation and in its wonderful seaports. But there still remains the necessity of securing adequate markets for the enormous production of which this country is capable.

Export Markets the Answer

As the trade horizons of Canadian producers are broadened, the problems of distribution will solve themselves.

Then, Canadian producers will be less and less satisfied to simply hold the home market; with trade abroad increasing, purchasing power at home will increase.

The farmer will need more men, the lumbermen will require more help and the manufacturers will be able to employ increasing numbers of men and women. In short greater export demand will result in a larger home market.

New horizons beckon new opportunities, for both primary producers and manufacturers who will study the requirements of foreign markets—and be prepared to give purchasers abroad what they want, when they want it and how they want it.

Business Scouts at Your Service

Canada's Trade Commissioners devote their entire time and thought to securing export business for Canada. They are specially trained for the work and the benefit of their experience and local knowledge of their respective spheres is at your service.

They not only advise prospective exporters as to the sales potentialities in all parts of the world but, when their surveys are favorable to a particular product, they bring exporter and importer together. They report upon the competition to be met, the best methods of shipping, the required forms of financing and, in fact, every phase of this important branch of merchandising.

The Department of Trade and Commerce
OTTAWA

HON. W. D. EULER, M.P. — Minister

JAMES G. PARMELEE, O.B.E. — Deputy Minister

CANADIAN BUSINESS ON BROADER BASE

Sir John Aird, President, and Mr. S. H. Logan, General Manager, Present Report for 1935 and Discuss Public Finance in Addresses to Shareholders of The Canadian Bank of Commerce.

MOST RIGID ECONOMY MUST BE FACED

A Nation-Wide Turnover Tax is Needed to Balance Dominion Budget, Together with One Million Settlers to Provide Traffic for Canadian Railways, Says President Aird.

GENERAL MANAGER DISCUSSES LOANS

Bank's Deposits Have Increased, But Gain in Business Activity Not Yet Reflected by Commercial Borrowings, Says Mr. Logan — Improved Outlook for 1936.

The Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held at the Head Office in the City of Toronto, Tuesday, Jan. 14. After the reading of the Report the General Manager, Mr. S. H. Logan, and the President, Sir John Aird, addressed the meeting.

The General Manager's Address.

In comparing this year's Balance Sheet with that of 1934 there are a few items which call for comment. In March last, when the Bank of Canada opened, it took over, as you know, the note issue of the Dominion, while the chartered banks were required by statute to transfer to it a substantial part of their reserves in Canada, including any gold which they held within the Dominion. In consequence these items no longer appear in our Balance Sheet and in lieu of them our cash reserves in this country now consist of notes of the Bank of Canada and the credit balance which we carry with that bank.

Our total cash holdings, you will observe, are 61 million dollars, compared with 57 millions last year. We have 219 million dollars invested in securities in contrast with 163 millions a year ago, and our total liquid assets stand at 364 million dollars, or 63 per cent. of our liabilities to the public, as against 60 per cent. in 1934. Included in that total you will see Public Securities other than Canadian, which I might explain consist almost entirely of bonds of the British and United States governments.

Commercial Loans Needed

On the liability side, the important change is in deposits which have risen during the year by over 56 million dollars to a total of 534 millions. Although some 15 million dollars of this sum may be regarded as of a temporary nature only, the general trend of deposits is still upwards. I wish we could say the same of total loans, but the distinct gain in business activity in Canada has not as yet been reflected in an increase in the demand for commercial borrowings. In consequence the problem of finding safe and profitable employment for bank funds is an extremely difficult one to solve, which explains why our profits remain at approximately the same level as that of last year. What we need is a greater aggregate of good loans and a smaller security portfolio. I am hopeful that in 1936 some progress in this direction may be achieved.

The Canadian banks have already made substantial concessions in their lending rates, but they are under constant pressure to cut these rates still further.

Interest Rates to Bank Borrowers

As I have stated on several previous occasions, loan rates to bank borrowers must of necessity be governed by the cost to the banks of the money which they lend. A careful computation of expenses, such as our annual pay-roll for 5,000 employees, taxes, rentals, postage, telegraph and telephone, heat, light, stationery and other outlays, plus an allowance for annual losses which are inevitable in banking, shows that our aggregate costs are over 2% of total deposits. When we add to these costs the sum paid in interest to depositors, the money we administer costs us approximately 4%.

Moreover, banks are not in a position to lend to borrowers the full amount of the funds they control, for not only cash reserves but also secondary reserves in the form of liquid securities must be maintained for the protection of depositors. Since no income is derived from cash reserves and the average yield on secondary reserves under present conditions falls below the cost of money to the bank it is obvious that loan rates must exceed that cost.

In addressing you on former occasions I have made some comment on general business conditions. This year I propose to depart from that practice.

How Banks Operate

Many attacks made of late on Canadian banks disclose a great confusion of ideas about how banks operate and what powers they possess. That is why I want to speak to you to-day of money and its functions and to tell you a little about our banking machinery and the way it works. To some of you what I have to say many seem elementary—a repetition of facts with which you are familiar. If, however, my comments help to clear away misconceptions which exist in the minds of others and give them a more definite understanding of what powers banks have and the limitation upon these powers imposed by bank responsibilities, I think you will agree that some good will have been achieved.

We have become so accustomed in this modern world to using money for all our purchases that it is easy to fall into the belief that money is the true and only source of purchasing power, and that when trade dwindles the sole cause is a shortage in or a maldistribution of the money supply. That is a fundamental error, for it remains equally true in 1936 as it was in the days of barter that the goods or services which a man has to offer are the real source of his purchasing power, and the extent of that purchasing power is measured solely by the amount of the goods or services of others which he can obtain in exchange for his own. I use the word "goods" in the broadest possible sense to include all readily marketable assets.

Money Medium of Valuation and Exchange

The introduction of money has not in any way changed this age-old foundation of purchasing power. It has merely, in the first place, provided a medium in the terms of which values can be expressed and in the second, one which facilitates the exchange of goods and services. Through its use the inconveniences of barter are avoided, and the volume of trade which can be transacted is immeasurably increased, for a man can receive in money from one group the value of what he has to offer, and with that money procure from another group goods of an equal value. Thus money performs its chief function by passing from hand to hand as a medium of exchange. Money is acquired by the holder, either in exchange for goods delivered or services rendered, as a gift or on loan against a pledge, expressed or implied, of the borrower's goods.

The relation of demand to supply governs the money prices which buyers are willing to give and sellers to accept. These prices express the comparative values of the various goods and services offered. Thus, for example, since famous prize-fighters are few and crowds will pay to see them, one may receive for a single appearance in the ring a sum one hundred times greater than that made by a capable and industrious farmer as the result of a whole year's successful work. However illogical and indefensible in an economic sense values so widely contrasted may appear, they are, after all, set by the market, or in other words they reflect the preferences of the buying public.

Purchasing Power

The purchasing power of an individual necessarily varies with any fluctuation in the comparative value of his product. A surplus or deficiency in the supply of money may affect comparative values in some degree, but drastic upsets in these values which result in major alterations in the purchasing power of whole classes and populations are not due to changes in the money supply, but arise from such causes as wars, crop failures, disproportionate expansion of industrial or constructional enterprise based upon long term borrowing, excessive tariffs restricting markets, and sudden alterations in tastes, habits and fashions.

When a man has received money for his goods or services he has not only freedom to choose where and for what goods he will use his money, but if he receives more than he requires for his immediate needs he can defer its use. To be a store of purchasing power is, therefore, another important function of money, just as in the days of barter a man might, for example, accept in trade more cattle than he required with the intention of exchanging the surplus later on for, say, timber when the opportunity presented itself.

Legal Tender Explained

In Canada, as in most civilized countries, the trading relations of the community are carried on with two kinds of money. The first is legal tender which (apart from our coinage) consists of notes issued by the Bank of Canada; that is, promises by that bank to pay a definite sum to the bearer on demand. These notes are issued against and fully covered by assets owned by the bank, which include gold and silver, securities and balances abroad. When the gold standard was in force legal tender notes were redeemable in gold at the option of the holder, but at the present time, here, as in many other countries the holder cannot redeem them at all and they circulate and maintain their value, therefore, because the public have confidence in the Bank of Canada and because by law creditors must accept a settlement of debt offered in this form.

"Credit-Money"

The second kind of money is credit-money, or as it is more frequently called "bank-money." In Canada substantially the greater part of the bank-money in existence consists of the obligations of the chartered banks which are represented by the amount of their notes in circulation and of the total deposits on their books. These bank-money obligations are not legal tender, but are acknowledgments of debt given by the respective banks and their promise to pay that debt in legal tender whenever the holder or owner of an obligation asks that this be done. Bank-money—like legal tender—rests upon and is fully covered by assets owned by the various banks. It will thus be seen that the credit-out-of-thin-air theory is founded on a complete misconception of fact.

Bank-money is created by every payment which a chartered bank makes in its own notes and every deposit entered on its books, whether received over the counter or credited by the bank to someone who has been granted a loan or has sold securities to the bank. Conversely bank-money is extinguished when a bank redeems any of its outstanding obligations in legal tender, when it sells any of its security holdings for bank-money and when bank-money is used by a borrower as a payment on his loan.

I would impress upon you that the creation of bank-money is a totally different thing from the creation of wealth. The bank-money received by a borrower when granted a loan does not increase his wealth by one penny, for it is fully offset by the debt he has incurred to the bank. It does, however, enable him to carry on his business and thus to contribute to the creation of new wealth by his enterprise and activity.

Basis of Credit

We have already seen that a man's purchasing power, or in other words his credit, is based upon the market value of the saleable goods he can offer or the services he can render. He can, and in thousands of cases does, exercise his credit without any intervention by a bank for every retailer, wholesaler or manufacturer who sells on time does so because he recognizes that the buyer possesses purchasing power. Since millions of dollars in time sales are made in the Dominion in the course of a year, the exercise of credit in this way cannot be dismissed as negligible.

It is against a pledge of his credit that a man applies for a bank loan and the banker grants the loan only if he estimates the borrower's credit to be adequate, and if he believes the borrower's character and integrity are such that he will not attempt to evade the debt.

Effective Credit

A bank loan, therefore, is in essence an exchange of the borrower's credit, which is effective only where he is well known, for the credit of the bank in the form of bank-money, which is known and accepted everywhere.

I would call your attention particularly to the fact that bank-money obligations of the chartered banks do not maintain the value at which they are accepted, nor do they circulate as readily as legal tender, by the authority of any specific statute or Government sanction. They retain a constant value and circulate freely solely as the result of the firm belief of Canadian citizens based on experience that their banks are honestly and efficiently administered and that the liquid assets of the banks exceed their liabilities by a margin sufficient to ensure that bank obligations will be honored immediately on presentation. The record of Canadian banks since Confederation for redeeming their promises promptly has been so satisfactory that bank-money in this country is unhesitatingly accepted as readily as legal tender.

Public Confidence is the Base

May I repeat that the power to create bank-money is based entirely on the confidence of the general public. Not one cent of bank-money can be forced into circulation or stay in existence for a moment without the willing consent and co-operation of each person into whose ownership it passes.

However, the power to create bank-money is not unlimited, for almost all bank-money obligations are in practice payable on demand and, as I have said, a holder of such an obligation is entitled to insist at any time that it be redeemed in legal tender. An institution creating bank-money must, therefore, hold in its possession a sufficient amount of legal tender to ensure by a wide margin that it can redeem immediately any claims made upon it in the ordinary course of its daily operations. To meet abnormal demands for redemption the remainder of its assets must, of course, be of a kind which can be converted into legal tender as rapidly as may be necessary.

How Banks Provide for Money Obligations

May I tell you briefly how the chartered banks provide for the prompt redemption of their outstanding bank-money obligations. They try to distribute that portion of their assets which cover these obligations about as follows: 10 per cent. in legal tender or immediately available balances carried at other banks; 30-40 per cent. in call loans, treasury bills and government bonds upon which legal tender can be realized without delay; and the remaining 50-60 per cent. in short-term loans granted to finance the various business activities of the country. Obviously a bank can lend with safety only on short term and to those who possess a working margin of saleable assets which gives reasonable assurance that the advances will be repaid as agreed, for the bank must rely on the repayment of these loans to restore its liquid position to the proper proportions should it become reduced through depositors' demands.

Bank's First Duty to Depositors

I would emphasize a fact which cannot be stated too often: the paramount duty of every bank is to keep the deposits entrusted to it safe and available for withdrawal by their owners. All its other activities, including that of making loans, must be subordinated to that primary obligation. Most of the new monetary theories advocated as a cure of the depression ignore this fundamental principle which must govern all bank operations. There is no way in which a bank can disregard that principle and survive for should the public lack complete assurance that their money, if deposited, can be withdrawn as required, they will deposit none.

Now a bank without deposits can lend or otherwise employ only the amount represented by its capital and reserve, which sum at any interest rate which borrowers can afford to pay would not yield enough to cover operating costs. Moreover, the contribution of such a bank to the well-being of the country would be negligible.

Consider the Part Played by Deposits

There are those who vigorously deny that a bank does need deposits in order to make loans and others who say that if deposits are necessary the bank can with its initial capital go ahead and create them on its own books. I would ask you, however, to consider the following facts. Take, for example, a bank with no deposits and a capital of $100,000 which it holds in legal tender. Let us suppose that it lends this exact sum to a manufacturer on a three-months' note and places the amount to his credit. Since no one is likely to borrow merely for the sake of maintaining a balance, we shall assume that the manufacturer promptly issues cheques for the total sum in payment for raw materials, wages, etc. If those who receive the cheques prefer legal tender to a deposit in the bank, they present them and demand their redemption. All the bank's legal tender must be paid out to meet these demands and it is left with no deposits and with the manufacturer's note as its only asset. It dare not, therefore lend another dollar since the new borrower, or anyone to whom he gives a cheque, might demand its payment in legal tender.

If, on the other hand, only $30,000 of the first borrower's cheques are presented for redemption and the remaining cheques are deposited by the holders, the bank retains intact $70,000 of its original legal tender holdings. In consequence, it is in a position to make further short-term loans and quickly convertible investments, thus permitting the creation of additional deposits. The bank can, however, do so safely only if it follows established practice and keeps its loans, investments and legal tender each at about the respective percentages I have mentioned in relation to its total deposit liabilities.

The receipt of deposits has, therefore, as you see, a direct bearing on the lending power of a bank and I think you will agree that there is justification for saying that banks in a practical sense lend the funds entrusted to them.

Fewer Loans Refused Than Loans Accepted at a Loss

Some say the banks have delayed the return of prosperity by denying loans to would-be borrowers possessed of credit which warranted the accommodation. These critics claim also that bankers are not prepared to take risks. While I freely admit that in the difficult task of estimating the credit standing of a client, bankers—who are no more than human—have made errors, I flatly deny the general truth of these charges for I am convinced that the number of cases where any legitimate claim for a loan has been refused is far exceeded by the number of those where loans have been made to the banker's loss.

The banker has at all times a strong inducement—that of increased income—to keep his investments at the lowest point and his loans at the highest point commensurate with the safety of his depositors. That inducement is at present doubly powerful for he has a larger proportion of his funds in liquid investments—chiefly Government obligations—than ever before, while the average return on such investments is now lower than at any time within a generation.

Common Sense View of Bank Loans

Since this is so does it appeal to your common sense as probable that a banker will deliberately refuse to make a loan where the exchange of the bank's credit for that of the borrower is warranted? Is it not evident rather that those possessed of the necessary credit, seeing no opportunity under existing conditions to make a profit by exchanging it for bank-credit, refrain from borrowing and that it is this fact which is the principal cause of the decrease in total loans?

There are some critics who, observing that total deposits in Canada during 1928 when business was active were about 200 million dollars higher than at present, attribute the depression to this cause. They, therefore, advocate that the Bank of Canada issue 200 million dollars in new notes to restore what they believe to be the loss which has taken place in Canadian buying power. The significant fact they have overlooked is that retail prices, as measured by the Dominion Bureau of Statistics are almost twenty per cent. below those of seven years ago and the fall in wholesale prices is even greater. In consequence an amount 300 million dollars less than our present total of deposits will buy to-day the same quantity of goods that would have cost in 1928 the full amount then on deposit. It is evident that Canadians do not lack the money to buy but rather the will to use it.

We have obtained from our branches at Clearing House points in Canada statistics which give an interesting measure of decreased spending by Savings Bank depositors. These confirm that since our more prosperous days the greatest changes have taken place not in the volume of deposits, but in their velocity, that is in the rate at which they are spent. During the year 1928 Savings balances on our ledgers at these places were spent and replaced over two and three-quarters times; in 1929 they were spent and replaced more than three times, but during the year 1934 the rate of spending and replacement fell to about one and five-eighths times, a slowing down of velocity by nearly one-half.

I do not suggest or believe that we should try either nationally or individually to spend our way out of the depression. I merely point to the fact that the people of Canada as a whole have as much real purchasing power as ever, but are spending less freely because, as a result of existing conditions, they lack the opportunity to replace it if spent.

No Need to Abandon Present System

May I say in conclusion that our present monetary system is an intricate machine built up gradually on the experience of many generations and adjusted from time to time to meet changing circumstances. Whatever its faults—and that it has faults no one will deny—it has over the past one hundred years financed and facilitated an increasing volume of production and trade of the most complex nature with the result that the general standard of living has shown a great advance. The War, however, dislocated all established trade and price relations and completely upset the balance between various forms of production. Then followed the Peace Treaty creating many new frontiers in Europe and the desire on the part of each country for national self-sufficiency, so that commerce has been further blocked and hampered by excessive tariffs and other trade restrictions. The monetary system was thus subjected to strains which it was never designed to meet but it is gradually recovering from the shocks under which it has been staggering.

I would ask you to bear these facts in mind when you study suggested monetary experiments, whose advocates promise that their adoption will mean a step toward the millenium. Before we discard the machinery which has served us in the past let us at least be sure that we are not grasping at a shadow and losing the substance.

The President, Sir John Aird, addressed the Meeting as follows:

Entering the fourth year of the business revival, we now have a fair prospect of a broader and more regular advance than has been enjoyed for some time. In fact, if we could feel assured of an easing of international tension in Europe and the Far East, and of the firm establishment of political and economic truces throughout the greater part of the world, we should be justified in regarding existing signs of business improvement as the most encouraging since 1928.

Improvement in Heavy Trades

Last year, like every preceding one of the revival period, was remarkable not so much for the quickened pace of business, but for the fact that any progress was possible against politico-economic disturbances, both at home and abroad. The first half of 1935 was characterized by an irregularity in Canadian business, although there was a slight upward trend. From July, however, there was a forward surge, participated in by several industries that had remained severely depressed in the preceding years. Thus, business improvement was extended to the so-called heavy trades, including construction, which collectively bulk large in Canadian economy and in normal times employ a large working force. From the point of view of employment conditions alone we may regard the better record of these industries as one of the heartening events of the year, for it was mainly in this field that employment continued to rise last autumn, a season in which a downturn is usual. Moreover, it is this field upon which we must depend for the re-employment of many of those out of work, and it is highly encouraging to find that it promises to be more fruitful this year.

Farm Purchasing Power

Of equal importance was the improvement in farm purchasing power during 1935 which was the most widespread in the past six years, notwithstanding the poorest crop results ever known in numerous sections of the West, although fortunately the drought area was considerably smaller than in 1934. There is still room for decided betterment in farm purchasing power, however, and we have the prospect of seeing it rise this year to a much more satisfactory level.

Mixed Farming

Although, as is well known, we have lost (though, I think, not beyond, our powers of reclamation) part of our overseas markets for agricultural products, we have not reduced our cultivated land area to any appreciable extent since 1929, but have diverted more of it to mixed farming, which has called for an improved agricultural practice. This change is particularly noticeable in the Prairie Provinces, where there has been a large increase in live stock holdings, coupled with a strong growth in dairying, despite recurring droughts. Accordingly, these Provinces stand to gain the most from the further extension of the American market for Canadian live stock resulting from the new American-Canadian trade treaty. The expansion in exports of agricultural products during recent months is particularly gratifying and significant.

Mining and Forestry

It seems almost impossible to overestimate the contribution which the mining industry as a whole has made to Canadian economy in 1935 and in former years, not as a result of fortuitous events but mainly because of hard work and great technical skill in an immense mineralized zone. The gold-mining branch of the industry naturally takes precedence during a period of depression, since it is one activity which is stimulated by hard times. Widespread benefits have been derived from a gold production which has risen in value from less than 40 million dollars in 1929 to over 100 million dollars in 1935, exceeding the output I forecast a few years ago. But mining in all its branches has been a great factor in pushing the margin of habitation northward. It has attracted thousands of newcomers to our shores, and during the past few years has been the bright spot in the employment situation. Last year it had another record output valued at 308 million dollars, which represents only a small fraction of the purchasing power that, despite heavy taxation, it disseminated throughout the entire Dominion; and it furnished over a third of the tonnage carried by Canadian railways. If our other industries matched this record we should have no railway problem.

Under market conditions almost inconceivably unfavourable, our lumber and pulp and paper mills have during the past twelvemonth increased their production, in the case of lumber by about 20 per cent. over 1934 to the highest point since 1929, and in respect of newsprint by 6 per cent. to a record level.

A Broader National Economy

Mining and forestry have also been instrumental in raising our export trade as a whole to the highest value since 1930, and in a quantitative sense to over 70 per cent. of normal. Apart from the splendid production record of the mining industry, it is highly important to note that with a remarkable transformation in the metallurgical and marketing branches of the industry much of its larger exports flowed in the form of fabricated metals to the twenty countries which took significant quantities in 1935, as compared with the crude materials which thirteen corresponding markets took in 1929. Both the lumber and newsprint industries also developed more extensive markets, for last year lumber was sold in impressive volume in thirty-five countries, in comparison with twenty-six in 1929, while nearly 20 per cent. of our newsprint was exported overseas, against about 12 per cent. six years ago. Moreover, there has been a marked expansion in the trade with some of these countries, in lumber, for example, with Great Britain and Australia. We have therefore, a higher quality in some of our major exportable products and are no longer dependent upon one or a few markets for the bulk of them, and consequently are less subject to price dictation, such as that in the case of newsprint. In this diversification of production and broadening of trade there is the foundation of a better economic life.

Conditions Abroad

American industry has shown exceptional adaptability to the changed conditions imposed upon it by the depression and by statutory regulations of far-reaching character. The present business upturn is not only a continuation of that comparatively healthy movement to which I drew your attention a year ago, but is the most prolonged since 1928. Coincident with this expansion is a reopening of the American market to the goods of certain other countries; indeed, the striking development of an unfavourable visible trade balance—larger merchandise imports than exports—which, after all, is the natural complement of the status of a creditor country, would have been witnessed last year had there not been an influx of gold of over one billion dollars, which was used partly to purchase American goods. There is a momentum in this general business revival which may carry the United States to higher ground, notwithstanding the uncertainties induced by the forthcoming Presidential election campaign. In fact, the most urgent question is not whether the process of American recovery can be hastened, but whether unhealthy stimulus through unwise use of the redundant capital and credit reserves which now exist can be avoided.

Britain True to Principles

Surrounded by political and economic experiments of every type, Great Britain remains the foremost champion of the true principles of democracy, of sound economic practices and of the rights of oppressed and under-privileged people. Thus we have witnessed during the past year probably the most heartfelt demonstration of loyalty ever tendered in modern times to the reigning head of a nation, while public opinion sanely resisted Utopian devices for social reform and massed its great forces in the cause of peace—all these impressive developments occurring in the midst of a business revival which, though of changing character, rested upon a more stable foundation than that of any other country.

In Continental Europe a large part of the industrial machine has been geared to a feverish rearmament programme and is therefore dangerously dependent upon destructive elements. Notwithstanding an undercurrent of political tension and of financial strain there are some encouraging factors in the situation, notably, good harvests over most of the area and recently a semblance of stability in French economy which promises at least temporary relief from the extreme pressure upon it of deflationary influences both external and internal.

Conditions in the Orient

A lull in Japanese industry early in 1935 was followed by a renewed advance in the autumn, but the pace of its progress seems definitely to have slowed. So much public attention has recently been focused upon China's economic troubles that they need not be stressed, but there should be general regret that the modernization of that country's political and economic structures should have been made more difficult by the perplexing silver-buying plan of the United States and external interference in Chinese affairs, especially the move to partition the country.

Noticeable improvement has occurred in certain parts of Central and South America and in Cuba. The progress of Newfoundland and the West Indies has somewhat diminished for the time being, although both areas are in sounder condition and enjoy more favourable prospects than was the case two years ago.

State Intervention in Business

The present era is in striking contrast with that of pre-war times. Then, it was the widespread belief that governments could best promote a sound economy by ensuring the security of human life and property, and by non-interference with private enterprise. A comparatively peaceful and steady progress was accompanied by a rising standard of living, not only because of the introduction of power machinery, but also because a smooth-working financial system has been built up, through which trade was based upon quite stable exchange rates. Price levels in the major countries were kept closely related and capital for productive purposes flowed freely across frontiers.

Aftermath of the War

In previous addresses I reminded you that the economic dislocations of the Great War and its aftermath were primarily responsible for the onset of the depression and that the resultant disequilibrium in domestic and international trade called for wise and courageous action on the part of Governments, no less than by individuals. You are aware of the various expedients, under government tutelage, which have been undertaken as protective measures, ranging from a vast array of trade restrictions to price fixing, commodity destruction, monetary manipulation and elaborate programmes of non-productive public works. As a result of these policies there is now a rigidity in the economic system which might easily bring about a permanent subnormal standard of living throughout the world. The lesson from this would seem to be that natural forces should now be allowed freer play if the world is to recapture its former economic flexibility. So Governments might well decide to avoid further obstructive intervention in the spheres of commerce and finance and thus permit business enterprise to generate new productive and trading activities enuring to the common advantage of all classes of their communities.

Canada's Credit Maintained

It is most gratifying to be able to record that throughout the long and trying period of the depression from which we now appear to be emerging, the Dominion and Provincial Governments and all the larger cities of Canada have maintained their credit through the strict fulfilment of all obligations to the holders of their respective securities whether payable in Canadian or external currencies. Considering all the eventful circumstances of the past six years and the heavy depreciation in our currency as compared with that of the United States, (where such large sums were payable annually), before the latter country departed from the gold standard, the achievement is remarkable and will without question bring its reward in the future flow to Canada of capital seeking safe and profitable investment. Credit is an intangible thing and for that reason its importance is not adequately realized by many.

Canada Requires Increased Capital

Its firm maintenance, however, is vital to all progressive communities and to none more than to Canada, where capital will be increasingly required for the development of our resources and the financing of our Governments. Whether we look to the "eighties" with the construction of the Canadian Pacific Railway, the early years of the present century with their heavy programme of railway construction and Western settlement, the war period or the busy latter half of the decade 1920-1930, we shall find that Canada's prosperous periods have always coincided with a large influx of outside capital. That excessive borrowing due to over-optimism characterized all these periods in greater or less degree, and brought the inevitable penalties in their train, does not alter the general truth of this statement. The lesson is that we must learn to use our credit more wisely. Canada is still in the early stage of her potential development and for that development capital is indispensable. Only the most scrupulous maintenance of our credit will ensure the continued availability of that capital as required.

Need for Increased Settlement

It is a matter of common knowledge that the Canadian National Railways system is burdened with much unproductive mileage and equipment, with recurring heavy operating losses falling on the general public. The addition of a million of suitable settlers of good racial stocks on the soil of Canada would give her the larger population necessary to support the present over-expanded transportation system, and would also go far to solve our relief problems. Many countries, some poor in natural resources, have more people to support than before the Great War, with less proportionate wealth and productive facilities, and the question may well be asked whether the vast amounts expended by these States for the maintenance of the unemployed—in one way by militarizing them—would not be more humanely spent in establishing the excess population in the five great settlement belts still available, namely, Canada, Australia, Africa, South America and Siberia.

Public Finance

For many years this Bank has urged various constructive legislative and administrative measures for the consideration of our numerous governmental bodies. These ranged from legislative union of some of our Provinces and reduction in the number of municipalities, to bring budgets into balance, and to taxation reform. No one now realizes more clearly than our legislators that the cost of public services is out of proportion to the population and its income. The situation cannot be relieved by increased borrowing, or by shifting part of the burden of the care of unemployed people from one legislative group to another.

It is now quite generally agreed that continuous borrowing to cover deficits and to maintain social services on the present scale cannot go on indefinitely, and therefore that the most rigid public economy and higher taxation must be faced. Intensive study should be given to the problem of establishing a broader and more equitable basis of taxation. In this connection I again advocate a nation-wide turnover tax as more likely than any other new form of levy to meet the need of a balanced Dominion budget.

Confidence the Key to Recovery

In conclusion, I should like to stress that for the full measure of recovery for which the world is hoping, the intangible factor of confidence is indispensable. As long as there exists uncertainty or distrust respecting such vital matters as world peace, stabilization of currencies, industrial relations, the attitude of Governments towards private business and good faith as to public contractual obligations, permanent improvement in world affairs is impossible. Without that confidence, which is the moral and hence the most powerful influence in business, and indeed in all relations between man and man and of nation with nation, both domestic and international economic conditions must remain unsatisfactory and disturbing. With it, all things can be accomplished.

CANNERS SALES UP CONSIDERABLY IN PAST YEAR

Outlook First Quarter of 1936 Satisfactory — Packs Light

In dollars and tonnage Canadian Canners business in 1935 showed improvement, according to W. R. Drynan, general manager, in the current number of The Canadian Grocer.

He expects a strong position in the first three months of 1936 but gives this warning regarding the year as a whole:

"There is no other business we know of which is so uncertain as the canning business. We doubt if the prospects for 1936 will be known definitely until the vegetables are in the cans."

Except for a lull at midsummer, volume kept up well in 1935. Pack of staple lines of canned vegetables had not been more than the normal requirements of Canada. For the first time in several years surplus of canned tomatoes overhanging the market is small and should be absorbed by midsummer. Corn will probably be absorbed long before next season's pack.

There was no carryover of peas into 1935 but the pack was heavy in some sections and short in others. Fancy and choice quality peas were quickly taken up and lower grade peas are being offered at prices which should ensure their being absorbed before the 1936 pack is ready.

New Canneries Intended

Because of low prices early in 1935 many canners did not operate at all. These may be encouraged to operate in 1936 and reports are current of several new canning factories being planned. Mr. Drynan thinks it strange that there are men with courage enough to invest in an industry which has already capacity double the normal demand.

He thinks they overlook "the dominant position now occupied by the canning industry of Quebec" and the policy of the provincial government to give financial assistance to encourage still further expansion.

Dealers are not over-stocked and will have to be in the market again in the spring. Mr. Drynan fears that if this relatively favorable position leads to heavy production the 1930 experience may be repeated in 1936. In 1930 enough goods were packed to last three years. There always remains the possibility that nature may step in and prevent a surplus.

War Aided Canadian Tomatoes

The Italian-Ethiopian dispute led to Canadian tomatoes selling on the English market in good volume. But Italians, who thought the war would send prices up and so held back their tomatoes, are now pouring them into Great Britain at the rate of 50,000 cases weekly. That shuts out Canada for the time being. But if the war continues throughout 1936 Britain may want a lot of Canadian tomatoes and tomato products in cans.

Second Preference Recovers

Mr. Drynan did not indicate what profits would be shown on the larger business of 1935. The year does not end until February 29, 1936, and it would appear that inventories will be in excellent shape by that time. The action of the company in deferring the dividend of 7½ cents a share due on the convertible preference stock on October 1, 1935, had already been discounted. The dividend was deferred until February 29. By that time the inventories will be very much reduced and liquid resources much higher. The low point of the second convertible preferred stock was 4½ in September on account of the dividend being deferred as compared with a high of 9 3/8 in January. Much of the lost ground has been recovered, current quotations being above 7.

Similar fluctuations appeared in the common stock which dropped to 3¼ last August compared with 6¾ in January and is now selling at around 5. First preferred in July sold at $75 a share as compared with $94 in January. The general view that the latter is an investment stock has reasserted itself and current prices are about 89½.

Dividend Possible

The second convertible stock is the interesting one on the market at present. Dividends paid in the calendar year 1934 were 37½ cents a share and in 1935 totalled 35 cents a share.

Unless the company's policy is rendered very conservative by the fears of over-production expressed by Mr. Drynan, the current situation—as outlined by Mr. Drynan—seems favorable to a dividend at the end of the year.

Bank Chat

Targets For Taxes

EXCEPT at annual meetings, when the subject is deemed worth routine mention, bankers rarely bring before the public the amount which banks contribute to government coffers. The plaint of many other branches of commerce and industry are heard almost continuously.

Annual financial statements of the banks show an item for taxes which soars over $1 million in some cases. But this presents only a part of the story. Municipal taxes on bank properties are not included, and these form the largest portion of the total. Municipalities apparently regard the banks as fair game and take considerable stock in the belief that banks have plenty of money with which to meet the levies.

The result is an enormous burden of taxation. Last week, President Wilson of the Royal pointed out that for every dollar paid to shareholders, 69 cents was paid to governments, Dominion, provincial and municipal. The Royal is not exceptional in this regard. A compilation by one of the other banks shows that it pays a dividend of 80 cents to the governments for each dollar paid to holders of its stock.

* * *

Automatic Incinerator

THE elaborate incinerator for destruction of old bank notes in the new Imperial Bank head office has aroused much comment.

But in Brooklyn, New York, there is at least one bank president to whom the disposal of bills or certificates entails no such installation. The gustatory habits of his Chow dog, Jack, very efficiently do the job for any that may be lying about.

Jack was recently convicted in court of the crime, to wit, that he "did chew, gnaw, eat and otherwise destroy" 25 shares of Bank of Suffolk County stock, valued at $625. In the absence of his owner, he lifted his muzzle to the desk and acquired the stock for his own purposes. He is said to have eaten everything but the gilt edge.

Haled into court, Jack expressed repentance, canine fashion; the judge ordered a new certificate to be issued; and in future the dog will confine his "incineratory" efforts to worthless documents.

* * *

Early Banking

REMINISCENCES of early banking days in British Columbia were presented before a meeting of the Credit Grantors Association in Victoria recently. J. B. Munro, deputy minister of finance at Victoria, recalled that in 1859, the first branch of the Bank of British America was established in Victoria. This was probably the first financial house to do business west of the Canadian rockies. It was not regarded as an all-round bank as it did not handle gold dust.

When the trade in gold dust was just being established, A. D. McDonald opened a bank bearing his own name. It had no charter, no supervision and issued its own paper currency. Although the country was then very sparsely settled, McDonald's Bank handled some $1.5 millions in the first three years of operation. Through this bank, miners became accustomed to the feel of paper money. In this regard the way was paved for the Bank of British Columbia which was founded in England in 1862 and opened a branch in Victoria in the following year. In 1864 a branch of McDonald's Bank was robbed and the whole bank folded up. The paper money was worthless.

* * *

Volume or Turnover?

THE current monthly letter of the Canadian Bank of Commerce deals with the question of whether there is sufficient money in the country to adequately meet the demand for goods and services.

Quite pertinently it points out that the rate of turnover should be considered along with quantity in any such study. This it proceeds to do, taking velocity of circulation as represented by the speed with which bank deposits turn over in the form of debits or cheques drawn on them.

In 1929 savings balances were spent and replaced more than three times, but in 1934 only 1⅝ times, a slowing down of velocity by nearly one-half. In 1929 there was on average only about nine per cent less money than last October, but the rate of turnover was 43 per cent greater.

Most observers will agree that there was sufficient money six years ago. With more than 90 per cent of this still available and prices some 25 per cent lower, the cure for the present situation appears to lie, not in more money, but in more active use of that which already exists.

4%

On Guaranteed Trust Certificates—

A legal investment for Trust Funds.

$100 and upwards Accepted for Terms of 5 Years.

Unconditionally Guaranteed

THE STERLING TRUSTS CORPORATION

STERLING TOWER, TORONTO

Bank of Canada Weekly Statement

The major change in last week's Bank of Canada statement was an advance of $9.5 millions in government deposits.

This brought the total somewhat closer to normal after the sharp drop in the previous week. Reserve in the United States was also built up by $4.5 millions.

Other substantial changes were losses of $2.5 millions in circulation, $3 millions in bank deposits and $1.3 millions in advances to the government.

Balance Sheet

	Jan. 8 $	Dec. 31 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	97,145,263	99,677,229
Dep.. Dominion	27,469,938	17,916,659
Banks	178,516,362	181,636,034
Other	599,405	766,255
Total deposits	206,585,704	200,318,948
All other liabs.	1,052,288	2,658,974
Total liabs.	309,783,255	307,655,151
Assets		
Reserve: Gold	180,067,787	180,509,343
Silver bullion	1,638,366	1,638,366
Res. in sterling	219,242	219,235
Res. in U. S.	8,552,100	4,003,866
Res. elsewhere	3,672	9,215
Total reserve	19,481,167	186,380,025
Subsidiary coin	142,665	128,778
Adv. to govt.	2,205,500	3,465,812
Investments:		
Dom. govt. short.	30,886,669	30,873,169
Other Dom. govt.	83,153,330	83,409,676
Total invest.	114,039,999	114,282,845
Premises	111,927	111,911
All other assets	2,801,996	3,285,780
Total assets	309,783,255	307,655,151
Reserve ratio	62.71%	62.12%

Osler & Nanton Trust Now Registered in B.C.

Osler & Nanton Trust Co., Winnipeg, has been registered under the British Columbia Trust Companies Act as at Dec. 1, 1935. The head office of the company is in Winnipeg, and the B. C. head office is at 306 Pacific Bldg., Vancouver.

Credit Foncier Promotion

SIDNEY GRIMBLE

Who will shortly take over the Winnipeg management of the Credit Foncier Franco-Canadien and Holland-Canada Mortgage Companies.

John Barnet, formerly chairman of the Dominion Farm Loan Board, will act as manager in Toronto, succeeding Mr. Grimble.

Air Conditioning Study Planned by Railways

A study of various systems in use by railroads for air-conditioning of passenger cars is to be made by the Association of American Railroads.

The object is to determine what improvements may be required in existing systems and to what extent they may be standardized for railroad use.

While virtually all principal carriers, as well as the Pullman Company, are making use of air-conditioning devices for passenger equipment, the systems vary.

Foreign Exchange Markets

The feature of the week in foreign exchange markets was the easing of the American dollar in terms of most other currencies.

This is attributed chiefly to rumors of further inflation in the United States. Recent currency developments in that country include the extension of the life of the $2 billions stabilization fund until Jan. 30, 1937, and the extension of the president's powers to revalue the dollar by establishing the weight of the gold content at between 50 and 60 per cent of the legal weight prior to 1933.

The Canadian dollar gained against American funds along with the other currencies, but also because of the demand for funds to meet wheat shipments.

Reports from New York indicate that China is selling silver direct to the United States' treasury to establish the foreign gold credits necessary to operate its new managed currency. It is believed that these credits will be used to keep the yuan steady at about 30 cents or 14½ pence to the dollar.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	Jan. 7	Jan. 8	Jan. 9	Jan. 10	Jan. 11	Jan. 13
U. S. dollar, High	.5906	1.00 7/16	1.00 7/16	1.00 3/16	1.00⅛	1.00 1/16	1.00 3/32
Low	.5906	1.00 5/16	1.00¼	1.00	1.00 1/32	1.00 1/16	1.00
1934, High	.5906	0.99 31/32	0.99 31/32	0.99 17/32	0.99 13/16	0.99 11/16	0.99 11/16
Low	.5906	0.99 11/32	0.99½	0.99 3/32	0.99¼	0.99 11/32	0.99⅝
U. K. pound	4.8665	4.95¼	4.94⅝	4.96	4.96	4.98	4.97
Argentina	.4246	.2708	.2703	.....	.2701	.2702	.2714
Australia	4.8665	3.9555	3.9534	3.9569	3.9606	3.9765	3.9703
Austria	.1407	.1890¼	.1885¾	.1891	.1887	.1899	.1900
Belgium	.1392	.1691	.1687¾	.1692	.1692	.1698	.1700
Brazil	.1963	.0557½	.0556¼	.0551	.0550	.0550	.0551
Czechoslovakia	.0296	.0416¼	.0415¼	.0416	.0416	.0417½	.0418
Denmark	.2680	.2212½	.2211½	.2213	.2214	.2224	.2212
France	.0392	.0662½	.0661	.0663	.0663	.0665	.0663
Germany	.2382	.4040½	.4034	.4036	.4035	.4050	.4043
Greece	.013	.0095	.0094¾	.0096	.0095	.0095	.0095
Holland	.4020	.6815½	.6806	.6824	.6824	.6842	.6831
Hungary	.1749	.2978	.2972½	.2982	.2976	.2982	.2989
India	.3650	.3778½	.3772½	.3780	.3774	.3789	.3800
Japan	.4985	.2892½	.2887	.3203	.2922	.2912	.2919
Jugoslavia	.1929	.0231	.0230½	.0231	.0230	.0232	.0232
New Zealand	4.8665	3.9954	3.9932	3.9969	4.0005	4.0166	4.0103
Norway	.2680	.2488¾	.2488¼	.2491	.2494	.2503	.2500
Poland	.1122	.....	.1894	.1898	.1893	.1901	.1905
South Africa	4.8666	4.9294	4.9286	4.9315	4.9358	4.9557	4.9478
Spain	.1929	.1373	.1370	.1375	.1374	.1378	.1375
Sweden	.2680	.2555	.2553¾	.2561	.2558	.2569	.2564
Switzerland	.1930	.3266	.3260½	.3270	.3267	.3277	.3269
Hong Kong	.5422	.3214	.3233	.3238	.3237	.3252	.3254

Interest Rates and the Bank

In Which the Local Bank Manager Explains That a Lower Rate on Bank Loans is an Entirely Different Matter from Mortgages

By PETER THOMSON

"Well, Campbell," began Edward P. Marks firmly, "The Remford Trust and Loan Corporation saw the light, and I hope you're going to see it too."

"I hope so, Mr. Marks, I hope so," answered the bank manager. "Have a seat. Tell me just what light you're referring to. You seem very determined."

"I've good reason to be," replied the leading manufacturer in the little city, "I was paying Thomson at the trust company seven per cent on the mortgage on the plant. I told him he'd have to come down, that I could get the mortgage renewed at five per cent in Toronto....he wanted six at first....but I made him see the light."

Risks

"So you're borrowing on your plant at five per cent. That is excellent," replied the bank manager.

"And if my credit at the trust company warrants a five per cent rate, then I want five instead of seven per cent from the bank on my loan," demanded Marks.

"But Mr. Marks," remonstrated Campbell, "The Brushe Manufacturing only borrows at six per cent from their bank, that's what Murphy told me yesterday, and while you are in a sound position, you have to admit that Brushe is the best credit risk in this part of Ontario."

"That's all right, Campbell," said Marks, "but what Brushe does, or does not do is beside the point. I can borrow on mortgage at five per cent and there's no reason why I shouldn't borrow on my receivables from you at the same rate."

"Can you spare a minute?" asked the manager.

"Sure, I can spare all the time in the world to have my rate reduced," answered the manufacturer, "I want to get costs down so that I can increase sales."

"Both of us are reasonable men," began Campbell, "and both of us want only what is fair."

"Certainly, certainly," responded the manufacturer.

"Your annual turnover is about a million a year, isn't it?"

"Yes," agreed Marks, "and it'll be larger next year because all interest charges will be reduced."

Bank Loan Cost

"The largest loan you've had from us in the last five years was for $20,000. You paid the loan in ninety days. At seven per cent, the interest was $350. You suggest that the rate be lowered by two per cent?"

"And there is no reason why it shouldn't be," assented Marks.

"If I reduce your rate to five per cent," responded the banker, "the most you'll save, even if you borrow $20,000, will be $100 a year?"

Marks lifted his eyes heavenward as he worked out the mental arithmetic. "Yes, that's right," he agreed.

"You're producing 100,000 units annually at your plant, and each sells for approximately $10; so," continued Campbell, "if I reduce your rate to five per cent you'd save exactly a tenth of a cent on each $10 unit which you produce and sell. Obviously the rate at which you borrow from the bank has no effect on your selling price."

"That's all right," said Marks brusquely, "your sophistries have often been too good for me. It's the principle of the thing. If it's right in principle, then I should have my rate reduced."

Matter of Principle

"All right, I'll discuss the principle of the thing," responded the manager. "Don't forget that when you borrow from me, you're borrowing on goods which you have sold or can sell. Your bank interest is a charge against profits—you only borrow from us when you profit by it. But interest charges on your mortgage run on whether your plant produces twenty or two million units a year. Mortgage rates should, therefore, be lower."

"Then," said Marks, "reduce my rate to six per cent instead of five."

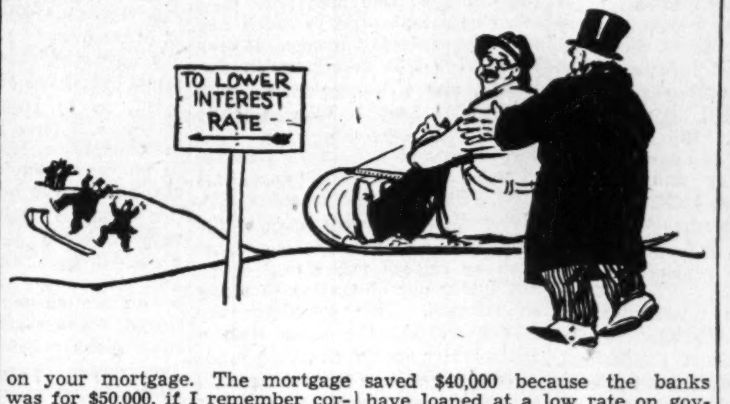
"You only want what is right, I know," replied Campbell, "and you would not want a rate out of line with everyone else in Canada. And if we reduced the rate to everyone, it would have a very bad effect on your company."

Marks burst out laughing. "Say, whatta you mean?" he demanded.

"Don't laugh," was the reply, "I mean just this: you've had a reduction of two per cent in the interest your mortgage interest rate. With the decline in business during the depression, commercial firms reduced their bank loans. We had to invest the depositors' money somewhere, so we were forced to lend money to governments. This boosted the price of government securities. Bonds yields declined. This forced mortgage rates to decline also. It was these low, long-term interest rates which have produced the moderate business expansion of the last two years. But we only get about two per cent on short-term government securities — the lowest rate on record. There is no profit for us in this business. And to be efficient, we must make a profit. Business generally has benefitted materially by the drop in long-term interest rates which has occurred because the banks have been forced to lend money to the Government. Now you want your rate reduced to five per cent—"

"Oh! six will do," interjected Marks.

"All right, six per cent, then," said Campbell, "You've already



on your mortgage. The mortgage was for $50,000, if I remember correctly. That's a saving to you of—"

"—$1,000 a year," interpolated Marks.

"Your mortgage runs for twenty years," continued Alan, "so you're saving a total of $20,000—and compounded over the term, that means that the Marks Manufacturing Company saves some $40,000. Well worth while isn't it?"

"I'll say it is," agreed the manufacturer, "but what's that gotta do with you charging me too high a rate?"

"Only this," said the banker airily, "that I was responsible for having your mortgage rate reduced."

"What the devil had you to do with it?" demanded Marks.

A Good Argument

"I am a banker and it was the action of the banks that reduced saved $40,000 because the banks have loaned at a low rate on government securities. Surely, for $50 a year at most, you're not going to insist on a lower interest rate than others get?"

"I've been talked out of a good many things, Campbell," said Marks. "But this is the first time I've been talked out of $50, and all because I'm in a hurry. But I'll see you later." As the manufacturer left the office, he turned and remarked ominously: "I'll be seein' ya."

Campbell heaved a sigh. He reflected that he'd have a few days respite from the further verbal assaults of the manufacturer.

Alan Campbell, Remford banker, will continue to explain the "mysteries" of banking in future issues of The Post.

THE SMOKE OF THE BRITISH EMPIRE

W.D.&H.O.WILLS'

GOLD FLAKE

Cigarettes

CORK TIP OR PLAIN

A SHILLING IN LONDON·A QUARTER HERE

POCKET TIN OF FIFTY · 55 CENTS

AUSTRALIA and NEW ZEALAND.

BANK OF NEW SOUTH WALES

(ESTABLISHED 1817)

(With which are amalgamated the Western Australian Bank & The Australian Bank of Commerce Ltd.)

Paid-up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Proprietors	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1935	£115,559,000

A. C. DAVIDSON, General Manager.

747 BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London. The Bank transacts every description of Australasian Banking Business. Wool and other Produce Credits arranged.

Head Office: GEORGE STREET, SYDNEY. London Office: 29, THREADNEEDLE STREET, E.C. 2.

Agents: Bank of Montreal; Royal Bank of Canada; Imperial Bank of Canada; Canadian Bank of Commerce.

BANQUE CANADIENNE NATIONALE

CONDITION AS OF 30TH. NOVEMBER, 1935

LIABILITIES

To the public:	
Notes of the Bank in circulation	$ 6,486,429.00
Deposits (Savings and Current)	112,993,913.91
Miscellaneous	721,207.96
	$ 120,201,550.87
To the shareholders:	
Capital, Rest Fund, Dividends and undivided Profits	12,372,705.60
	$ 132,574,256.47

ASSETS

Cash on hand and other cash assets	$ 17,670,945.95
Securities (At less than market prices)	53,416,882.14
Call Loans (Secured by Collateral of ample marketable value)	5,823,124.18
Loans and Discounts and Advances to Municipalities (After providing for doubtful debts)	47,081,731.49
Premises, Mortgages and Miscellaneous (At less than cost or value)	8,581,572.71
	$ 132,574,256.47

Profit and Loss Account

Balance of Profit and Loss, 30th. November, 1934	$ 224,069.97
Profits for the year ending 30th. November, 1935	915,790.39
Total	$ 1,139,860.36
Allocated as follows:	
Dividends	560,000.00
Pension Fund	30,000.00
Provision for Dominion and Provincial Governments Taxes	167,000.00
Written off furniture and fixtures	30,000.00
Payment to the Treasurer of the Province of Quebec (14, Geo. V, Ch. 3)	125,000.00
Balance of Profit and Loss, 30th. November, 1935	227,860.36
	$ 1,139,860.36

1935 another fine year for THE IMPERIAL LIFE

MORE THAN NINE THOUSAND IMPERIAL LIFE policies, amounting to $24,014,147.00, were issued in 1935, increasing the total amount of insurance now in force to $279,338,894.00 on the lives of more than seventy thousand persons. These policyholders deposited with the Company $9,841,805.25 in 1935, and interest earned on our invested funds amounted to $3,440,977.91, making a total premium and interest income in the year of $13,282,783.16.

THE ASSETS OF THE COMPANY increased in 1935 by $3,806,143.79 and now amount to $75,163,593.23. These assets are invested as follows: Bonds and Debentures 52.3%; Loans on Policies 18.5%; First Mortgages on Real Estate 18.3%; Cash in Banks 3.8%; Real Estate 3.7%; Stocks 3.4%. In the past five years the Company's assets have increased by $12,183,766.38, or more than 19 per cent.

THE COMPANY PAID OUT IN 1935 to policyholders or their beneficiaries the sum of $7,147,331.39. Of this amount, $5,240,000.00 was paid to living policyholders and $1,907,000.00 as death claims to beneficiaries. During the past five years of depression the Company has paid out a total of $40,862,453.79 in policy benefits.

A LIFE INSURANCE COMPANY, such as this, is simply a collector, administrator and distributor of the savings of thousands of its policyholders. The great majority of these are people of very moderate means to whom life insurance is often the only provision made for the care of their families, or for their own old age.

THE INVESTMENT OF THESE policyholders' funds has played an important part in the development of the country through the financing of homes, of farms, of important industries, of public utilities, of municipalities, and of Provincial and Federal governments.

LIFE INSURANCE, WHILE THUS contributing so largely to the general prosperity of the country, affords to millions of our thrifty citizens from all walks of life a means whereby they can make provision for the maintenance of their families, the education of their children and for their own old age, and so prevent their families or themselves from suffering want or privation or becoming subjects of public relief or charity.

A copy of our complete annual report will be mailed to you on request.

THE IMPERIAL LIFE ASSURANCE CO. OF CANADA

FOUNDED 1897 HEAD OFFICE, TORONTO

Branches and Agents in all important centres

Trust and Loan Co. Earnings

Lambton Loan & Investm't

Earnings of the Lambton Loan & Investment Co. in the year ended Dec. 31, 1935, were practically unchanged from those of the previous year, at $32,518. After all charges a surplus of $929 was added to profit and loss, bringing the total in this account to $18,079.

Chief among the changes in the balance sheet is a decrease of $132,000 in mortgages, which is more than offset by increases of $41,500 in real estate held for sale, $32,000 in securities and $67,000 in cash. Bank bills payable, shown at $60,000 last year, have been wiped out.

Earnings Record

Year	Paid-up Capital and Reserves	Net Profits	Div. Rate	Rate Earned per sh.
1930 ...	1,139,750	95,160	5+1	6.00
1931 ...	1,739,750	83,574	5.90	5.30
1932 ...	1,739,750	67,384	4.50	4.25
1933 ...	1,589,750	37,768	2.25	2.39
1934 ...	1,569,750	*32,498	2.00	2.06
1935 ...	1,589,750	32,518	2.00	2.08

*Estimated. Par value of stock $50.

Pub. Liabilities and Assets

	1935 $	1934 $
Debentures & int. ...	1,516,749	1,540,587
Deposits ...	974,343	885,430
Bank payables ...	......	60,000
Total ...	2,491,092	2,486,017
Secured by assets:		
Liquid assets ...	396,721	299,782
Mortgages & int. ...	3,292,822	3,424,318
Other net assets ...	409,379	368,817
Total ...	4,098,922	4,092,917

Canada Permanent Mtge.

Last year's operations of the Canada Permanent Mortgage Corporation resulted in net earnings of $675,012, compared with $680,225 in 1934.

After payment of dividends and write-off of premises of $110,000, there was a balance carried forward in profit and loss account of $503,878, or $5,000 more than at the end of 1934.

Total assets at $69.1 millions are down $1.3 millions from a year ago, due mainly to the retirement early in the year of £300,000 of sterling debentures. Investments in bonds and stocks and the distribution as between Dominion, provincial and municipal issues are not materially different from the previous year.

Although the statement of the Canada Permanent Trust Co., a subsidiary of the Mortgage Corporation, is not yet available, it is understood that profits in 1935 were somewhat higher than in the preceding year. Total assets amount to $44,253,335, including an increase of about $6 millions in assets under administration.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits* $	Div. Rate $	Rate Earned per sh. $
1930 ...	15,000,000	989,516	12	14.14
1931 ...	15,000,000	913,928	12	13.06
1932 ...	15,000,000	†888,559	12	12.68
1933 ...	14,000,000	†730,192	9½	10.43
1934 ...	12,000,000	†680,225	8	9.72
1935 ...	12,000,000	†675,012	8	9.64

*After deducting interest on borrowed capital, expenses of management, taxes and making provision for possible losses and contingencies.

†Before deducting amount written off office premises: $110,000 in 1935, 1934 and 1933; $55,746 in 1932.

Creditors' Position

	1935 $	1934 $
Debentures & deb. stk.	39,712,273	42,397,251
Deposits ...	16,588,450	15,216,613
Total ...	56,300,723	57,613,864
Secured by:		
Liquid assets ...	11,598,696	12,619,889
Mortgages & int. ...	52,229,769	52,481,023
Other net assets ...	5,076,136	5,111,818
Total ...	68,904,601	70,212,730

National Trust

Earnings before taxes of $353,865 are reported by National Trust Co. for the year ended Dec. 31, 1935. After taxes of $93,080, per share earnings on the 30,000 shares outstanding were $8.69, compared with $10.01 in 1934. Surplus was increased by $20,785 to $379,372.

Total assets were down more than $10 millions from last year's total, the drop being attributed almost entirely to the maturity of a large sinking fund trusteeship, which offset substantial increases in savings deposits and in the company's estates business.

Investments in stocks, bonds and debentures are carried in the balance sheet at considerably below market values.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits $	Div. *Rate %	Rate Earned per sh. %
1929	6,000,000	542,482	12+1	18.08
1930	6,000,000	533,549	14	17.78
1931	6,000,000	449,892	14	15.00
1932	6,000,000	381,838	12½	12.72
1933	6,000,000	266,415	8½	8.88
1934	6,000,000	300,476	8	10.01
1935	6,000,000	260,785	8	8.69

*After cost of management, directors' and auditors' fees, contingencies, etc., and pdovision for taxes.

Pub. Liabilities and Assets

	1935 $	1934 $
Trust certificates ...	4,257,272	5,252,678
Deposits ...	18,071,802	17,379,538
Total ...	22,329,074	22,632,216
Secured by assets:		
Liquid assets ...	11,101,488	10,826,512
Mortgages & int. ..	11,227,586	11,805,704
Capital acc. assets	6,379,371	6,358,586
Total ...	28,708,445	28,990,802
Estates, etc. ...	244,142,349	253,995,022

Toronto Mortgage

The financial statement of the Toronto Mortgage Co. for the year ended Dec. 31, 1935, shows actual cash earnings of $312,348, $2,500 under those in the previous year. After dividends and all charges, the balance carried forward was increased from $110,964 to $121,616, net profit for the year being slightly above that in 1934.

Total assets at $5,213,161 have risen $50,000 since the last statement, most of the increase being attributable to increases in cash and securities.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits $	Div. Rate† $	Rate† Earned per sh. $
1930	1,874,888	120,183	6	6.16
1931	2,136,655	132,999	6	6.74
1932	2,151,502	128,458	6	6.51
1933	2,151,502	130,632	6	6.62
1934	2,151,502	128,650	6	6.52
1935	2,151,502	129,031	6	6.54

† Based on fully paid-up capital stock. Par value, $50.

Creditors' Position

	1935 $	1934 $
Debentures ...	2,748,583	2,723,330
Deposits ...	136,865	122,640
Total ...	2,885,448	2,845,970
Secured by:		
Liquid assets ...	928,668	853,027
Mortgages & int. ...	4,150,219	4,187,047
Other net assets ...	79,673	68,362
Total ...	5,158,565	5,107,436

The Bank of Toronto 80th Annual Report Again Reflects Progress and Strength

Deposits up over $7,500,000

Addresses of Mr. John R. Lamb, President, and Mr. H. B. Henwood, General Manager, delivered to the Shareholders.

Mr. John R. Lamb, President

On rising to move the adoption of the Report my first words to you must have reference to the important losses which our Board has sustained during the past year through the passing of Mr. W. G. Gooderham, Mr. William Stone and Sir Albert Gooderham.

Mr. Gooderham was a Director for 54 years, during the last 19 of which he was President. It is a remarkable record in itself, but his claims upon our regard and affection rest chiefly upon other grounds. We honor his memory for his high integrity of character, his sound business judgment, and his loyalty to his friends, and to the many important interests confided to his care. We remember, too, his kindness of heart and the invariable courtesy and serenity with which he met both the small and the large problems of business. We may carry on without him, but he will never be replaced in our regard.

We might use practically the same words in referring to Mr. Stone and Sir Albert Gooderham. They were fine men, good friends and good citizens, and we are all of us the poorer for their disappearance from amongst us.

The figures of our last statement and profit and loss account are in your hands.

Profit Margins

Profits are again slightly down, and we see no change in this declining tendency in the near future. The average rate of interest earned during the year on advances and securities shows a further decrease, while expenses remain practically stationary and taxes have increased. Reduced revenues have been partly offset through the reduction in interest rates on deposits, and fortunately new losses through bad and doubtful debts have been small during the year. We are not happy regarding the reductions in deposit rates to present levels, thus helping to carry down the return on investment securities. A vast number of people are largely dependent upon interest returns and can ill-afford a cut in their incomes. Holders of life insurance policies are in the same position. Unduly low rates penalize the thrifty, saving people, who, in the last analysis, supply the credit upon which business is largely carried on, and who, at the same time, are the best taxpayers. Under existing conditions, however, the banks have had no alternative but to reduce rates. Whatever Governments may do, banks must balance their budgets; income must cover outgo and leave a margin for moderate dividends; otherwise, public confidence would quickly diminish and banks would cease to function.

Share Values

The book value of our shares now stands at $264, which, subject to reserves for contingencies, represents the real investment of our shareholders. The present dividend of 10% on the par value of the shares means a return of 3.78% per annum.

Bank Investments

Canadian Bank investments in Dominion, Provincial and Municipal securities have increased during the year by over $202,000,000, now standing at the extremely high total of $1,044,513,000, or 48% of deposit liabilities in Canada.

Banks are supposed to mobilize the liquid funds of the public and to lend this money for productive purposes, largely against goods, merchandise and receivables. We are not investment trusts. It would seem, however, that for the present we are left with no choice in the matter, but we shall welcome the time when we can resume more fully upon our proper business of commercial banking.

Criticism of Banks

Banks are never free from criticism, and never will be. In good times when the order of the day is full steam ahead, with Governments readily helping on, we are told that we are too conservative, lacking in enterprise and vision, and that we should be nationalized so that credit can be made more abundant and more accessible. In bad times we are accused, and often by the same people, of having been too liberal, therefore we should be nationalized so that credit can be brought under control and both booms and depressions banished to the nethermost regions. But it is chiefly in the years of depression, and particularly in the months preceding elections, that we learn the worst about ourselves. We have just passed through a period of this kind, and have had to sustain a running fire of criticism, ranging from deliberate mis-statement to innocent misconceptions of simple facts. A favorite story which one often meets is the fiction that banks create credit "out of the blue" by a "stroke of the pen" and a few book entries. A great many people believe that something of this kind goes on—some nefarious practice much like making counterfeit money. It may be legal but it is inherently dishonest, and of course very profitable to the banks! What actually happens is something like this: Two thousand depositors transfer to us an average of $500 each, or a million in all, in cash or equivalent. We credit the various sums to the respective accounts of the depositors on certain terms of interest and under our obligation to repay on demand. This completes the first part. At the same time a grain dealer applies to us for funds to handle grain. If we are satisfied as to his responsibility, we pay over to him the funds received from the two thousand depositors against his note secured by a charge on the grain. This is the second part of this set of transactions. What we have now done, in effect, is to bring the two thousand depositors and the grain dealer together, the depositors as lenders and the dealer as borrower, the bank holding the security and guaranteeing the loan. We have used many book entries and quite a few strokes of the pen, but the important point to be observed and remembered is that through the offices of the bank the two thousand depositors become the holders of the grain, subject to repayment of their advances. Of course banks do not advance the full amount of their deposits; 10% is reserved in cash and an additional percentage, possibly 25%, is invested in short-term securities or other quickly convertible assets against possible calls from the depositors. Also, the grain dealer may be a manufacturer of sugar, leather or lingerie, or a farmer; practically every line of business is represented, and depositors change daily as some go out and others come in. The mechanics of the business, the strokes of the pen, are not important; the essential fact to recognize is that every note in a banker's bill-case represents valuable and tangible assets, title to which is held, although not in the technical sense, in trust for depositors who are the real owners of the funds being employed.

All this is very obvious and simple to bankers, but the recital may help to make clear the fact that the commercial advances of the banks represent self-liquidating values. Government securities, of which bank holdings are becoming very large, are in a different category. These rest upon the taxing power of the State, are not self-liquidating, and are often inflationary. For these reasons we do not consider a bank portfolio the best resting place for Government securities beyond moderate totals, although these may be perfectly safe, revenues adequate and budgets balanced.

Business Improvement

Notwithstanding a certain degree of apprehension, business conditions continue to improve on this continent. Farm products in particular have substantially increased in exchange value; general purchasing power exists in greater volume, and profits in most lines of business are slightly better. Banking, unfortunately, is an exception, but we hope our turn will come.

Our wheat situation is looking better at the moment, justifying the faith and courage of the Government and of those who have carried the colossal burden and responsibility during the past five years. In short, we are slowly but surely emerging from the depression, and we are justified in feeling better. This is not to say that we are yet out of the woods. The hardest pull may be before us. We still have serious unemployment, our railway situation is showing relatively little improvement, and our excessive public debts are still with us—a bad legacy from former year of over-optimism, but even our debts can be brought under control in time if new and worse mistakes are not made during the next year or two.

Government Conversions

The chief cause for anxiety is a certain weakening in morale—a tendency to entertain the thought of repudiation as the easiest way out. This tendency, I am afraid, is being encouraged, if not actually led, by some of our governments and politicians. For years our public men, and bankers too, have been dwelling on the great natural resources of this country, our vast agricultural areas, our mines and water-powers, our foreign trade. Have we been entirely wrong all this time that we need even think of bankruptcy? I do not think so. We have gone too fast in certain directions; have over-expanded our plant, so to speak, on borrowed money, and have spent our profits in anticipation. Now we are caught in an over-extended position. We are paying for our mistakes, and the paying is unpleasant, but I am sure that we have not yet approached the limit of economies that can and should be effected before we so much as think of forced conversions. Some of the suggestions put forward in recent months mean nothing less than repudiation of part of our governmental debts, because interest as well as principal is part of the contract. In our opinion, this would be short-sighted and expensive in the end. I hope there are few Canadians of any class who would wish this country to be placed in the category of defaulted South American Republics, and I think it is time for all who see and appreciate the dangers of repudiation to speak their minds.

Aside from the moral question, I doubt if forced conversions of our public debts would be profitable in dollars and cents. Our federal obligations are rapidly being refunded in an orderly way. The average rate, we believe, has already been brought down to about 4 per cent. If this federal process of refunding could be extended to provincial and municipal debts, on a voluntary basis, but taking full advantage of every possible plan for reducing interest as debts mature or even before they mature, we would enhance our public credit and restore in the minds of investors that sense of security which is lacking at present. A Loan Council, which is now under consideration at Ottawa, might be an effective and desirable part of this plan, if the personnel were such as to provide a real safeguard against abuses.

Frequent references are made to conversion in Australia, and the improvement effected there, overlooking the fact that it was at least 90 per cent. voluntary, and that, coupled with the sacrifices made by bondholders, there were corresponding reductions in the whole scale of public expenditures and wages. Something similar might be acceptable in Canada, if equally comprehensive. As things are now, business is asked to pay exceptional taxes, and heavy sacrifices are suggested for creditors, with no assurance that there will be any permanent improvement in the situation.

As a country we are geared up for two or three times the present population. We have a total of 4,296 governments and municipalities, to say nothing of special school authorities. There are several hundred members of the Dominion Parliament and Provincial legislatures, and many thousands sitting on municipal councils, while the civil service represents a substantial proportion of the population. We wonder if this over-organized machinery for spending has not become a sort of modern Frankenstein which, unable any longer to find a legitimate means of support, is turning to destroy the productive power which it was intended to serve. Actually, the saving attained by a reduction in the interest on all public obligations to a flat 3 per cent. would barely amount to $100,000,000, while the total of government and municipal deficits is now running far above that figure, so that drastic economy is necessary in any event. To fail to pay our interest obligations, therefore, would be selling our birthright for a mess of pottage, and not even sure of the pottage. In private life our debts are properly regarded as a first charge on our resources. We realize that this is necessary to protect our credit. Can we afford to have a different standard for our public life?

We meet with the thought that while we must be careful of the outside investor, it is not so bad to take advantage of the people at home. This is a fallacy. If our credit is bad at home it will be worse elsewhere. Also, we encounter the suggestion that if we compromise with our present creditors we will be in a better position to borrow afresh. Russia tried that plan by wiping out all obligations of the previous regime: Germany followed through inflation of the currency, and other countries went part of the way. This sort of thing is not soon forgotten.

The best asset that we can have is unblemished credit—the reputation of living up to our engagements. If investors, whether local or foreign, can feel that they will not be deprived of their contractual rights, through either legislation or excessive taxation, this country will receive and retain all the money that it can profitably absorb, but if there is doubt, capital will avoid us or will lie inactive in the banks, even without interest, and not only will recovery be retarded but we will fail to achieve the full prosperity to which we are entitled. Present taxation, and the threat of still further levies, have already made capital timid of long-term commitments in either property or securities.

Public Economies

Is it too much to hope, therefore, that we may, in our public affairs, get down to facts as a private corporation would do under similar circumstances, and recognize that we cannot, for the present, hope to take the lead in advanced social legislation and living standards, but will have enough to do to keep our heads above water? After we have provided for our debts, we can indulge in luxuries with any balance that remains.

Mr. H. B. Henwood, General Manager

Mr. Chairman and Gentlemen:

I have the honour to submit to you the eightieth annual balance sheet of the Bank covering our operations for the year ending November 30th last.

Our net profits for the year were $806,391.87—a reduction of $16,107.31 from the figures shown a year ago.

Although we have had an increase in loanable funds throughout the year the results have again been somewhat disappointing to us, owing to the continued difficulty of lending money for commercial purposes. The important changes in the balance sheet during the year are as follows:

Total Assets: $126,918,925.41—up $6,157,307.02. Of this amount, $71,499,902 (or 64.45% of our liabilities to the public) consists of cash or assets readily convertible into cash.

It will be noted that our gold has practically disappeared, having been taken over by the Dominion Government at $20.67 per fine ounce, against the then market value of the gold of about $35 an ounce. It was subsequently arranged with the government that we should receive 40% of the market value of the gold above the $20.67 per ounce which had been paid over to us, and this money has been set aside in our contingent account as a reserve in connection with the Bank's foreign liabilities. The dominion notes shown in our statement a year ago were turned in to the Bank of Canada, which is now issuing its own notes as circulation, and this item is replaced in our present statement by notes of the Bank of Canada and deposits with the Bank of Canada.

Current Loans and Discounts: $45,047,640.71, after making full provision for all bad and doubtful debts, show a decrease of $572,087, reflecting the continued difficulty we have in lending our funds to commercial borrowers.

Securities: $47,942,184.21, are up $12,405,468,76 from a year ago, and consist mainly of government and municipal securities, the bulk of which are of short-date maturity. The total amount of our securities is much larger than we like to see but in the meantime, until the demand for commercial loans improves, we have no other alternative than to employ our surplus funds in the purchase of the highest class of short-term government securities, even though the yield on these is small. I wish to say that in following this policy we have not been unmindful of the existing unsatisfactory international financial conditions, and have provided in our contingent account reasonable reserves against the possibility of a depreciation in the value of this large holding of securities.

Bank Premises: $3,510,975.01, a decrease of $84,650.35 from the figures shown last year, are set down at not more than 50% of their cost.

Notes in Circulation: $5,279,985, a decrease for the year of $1,185,254. Under the terms of the legislation when the Bank of Canada was established, the chartered banks are required to reduce the amount of their notes in circulation each year for the first five years by an amount equivalent to 5% of their paid-up capital, and each year for the following five years by an amount equivalent to 10% of their paid-up capital. This will reduce the amount of chartered banks' notes in circulation at the end of ten years to 25% of their paid-up capital. The loss of this circulating privilege will reflect against the earnings of the banks for the reason that in place of it we must buy and pay for Bank of Canada notes from time to time as we require them, instead of being allowed to circulate our own notes under the old system.

Deposits: $101,265,479.85, an increase of $7,551,753.55 during the year. Unfortunately owing to the extreme difficulty of employing our deposits we have again been forced to reduce the rates of interest, something which we dislike very much doing, but we are afraid this trend cannot be reversed until there is a considerable improvement in general business.

Branches: In the year 1930 we were operating 204 branches, the highest number in our history. At the end of last year we were operating 177, having closed in the meantime 27 branches, mainly through closing arrangements with other banks at points where we realized the competition was excessive. This condition still exists at many points throughout the country and we believe that by joint action between the banks concerned, further curtailment can be made without seriously affecting the services rendered by the banks.

Inspections: Our own inspection staff have made the usual complete inspections of every branch of the Bank, and our main offices at Toronto, Montreal, Winnipeg and Vancouver have also received an audit of their cash, securities and loans by our shareholders' auditors.

The statement which I have just reviewed shows the position of the Bank after eighty years of service to the Canadian public. Four-fifths of a century is a long time in the history of any institution, and a period in which, through careful management, it should accumulate some strength. Our surplus of nine million dollars is composed of $4,074,036 representing premiums paid for new issues of stock from time to time by our shareholders, the balance of $4,925,164 plus $843,565 in profit and loss account, represents the slow but steady accumulation of surplus earnings over this long period of years. I sometimes wonder what those who criticize the banks would say if, after 80 years, we presented a statement showing only a small increase in the paid-up capital as it was when the Bank started in 1855, and with only a small reserve fund to protect our depositors' money. We might well be criticized for failing to appreciate the steady growth in the business of this country that has since taken place. Instead of this however, through the willingness of our shareholders to increase their investment in the Bank, and by a policy of steadily increasing our reserve fund, we have developed not the largest but one of the strongest banks in Canada; at any rate the Bank of Toronto has contributed a substantial share towards the cornerstone of financial strength which upholds the credit of Canada in the great monetary markets of the world. I am afraid those who are ready to find fault do not always realize what a strong banking structure means to the people of this country and to the credit of the country itself.

International Problems have shown little if any improvement during the past year, and foreign trade suffers accordingly. The world appears to be hesitating between a normal condition of civilization and conditions that may easily become chaotic, with the power and usefulness of the League of Nations in the balance. That Canada has been able to maintain a balance of trade in her favour during the past year under conditions that have existed, should I think be a matter of satisfaction to us all. A comparison of the figures of our foreign trade for the year ending October 31, 1932, with October 31, 1935, covering the period in which the Empire trade agreements have been effective, is as follows:

Trade with United Kingdom

1932 Balance in our favor $86 millions.

1935 Balance in our favor $170 millions.

These figures indicate the increasing value of trade to this country of the recent Empire Trade agreements. It is to be hoped that when these agreements are revised in 1937 the favorable effects which have been obtained by this country may at least be maintained.

Trade with United States

1932 Balance against us $93 millions.

1935 Balance against us $40 millions.

In our trade with the United States a steadily diminishing balance against us is shown, probably because we are buying more from the Empire which is our best customer. What effect the recent agreements arrived at will have on our trade with the United States remains to be seen. As a gesture of friendship between the two countries they are well worth while. It is to be hoped that they will result in a more evenly balanced volume of trade between the two countries than we have had in former years.

Trade with other Countries

1932 Balance in our favor $58 millions.

1935 Balance in our favor $39 millions.

The diminishing value of trade with other countries appears to coincide with the increase in our trade with the United Kingdom, and no doubt has been accentuated to some extent by tariff and other difficulties in exchanging our goods with foreign countries. It is unlikely that we can show much improvement in these figures until through tariff adjustments a more easy flow of merchandise both ways can be brought about.

Total Trade

1932 Balance in our favor $51 millions.

1935 Balance in our favor $169 millions.

Canada is a young and sparsely-settled country. Our productive capacity runs far ahead of our consumptive capacity, which necessarily makes us far more dependent on foreign trade than other more densely-populated countries, and for many years until we secure a larger share of world population, we will be dependent on other countries to consume our surplus products.

From an economic point of view, for a good many years Canada has been well balanced as between our expenditures and the population necessary to support them. It is true that our war debts, which were unavoidable, did much to put us out of balance but even before the war we had stepped along pretty rapidly in the development of ocean terminals and railway building programmes, which we now realize were much beyond our needs, with the result that the country is over-built in many of these public services for a population of ten million people. Our population represents only a forty-fifth part of the population of the British Empire, though our area is one-fourth of the whole. Our rural areas can sustain an immense increase in population and our natural resources (particularly in minerals) are yet barely scratched. These some day will attract many industries to this country, in fact we have undeveloped natural resources within the borders of Canada that will eventually make us the envy of the world. It is hopeless to expect the natural increase in our population to cope with the immense development that lies before us. It is necessary to our economic welfare that we have more people, and the best we can secure, if we are ever going to build our population to more adequate proportions to take care of our future development, and I hope our federal government will be prepared, when the time comes, to set up a sound immigration policy which will bring about a steady increase year by year in the number of those who will make good citizens in our country. Of course the first step to that must be the ultimate solution of our difficulties.

No good Canadian having any vision of the future possibilities of this country can think of the word "repudiation" in considering our present obligations. We have no lack of faith in the ultimate destiny of Canada and our ability to overcome our difficulties, and surely the best way we can indicate this to those who have shown their confidence by investing in our securities, is to determine regardless of such mistakes as we have made, to pay every obligation we have incurred in full according to the terms of our contracts.

Lambton Trust

The Lambton Trust Co., subsidiary of Lambton Loan & Investment Co., Sarnia, reports net earnings for the financial year ended Dec. 31, 1935, at $8,897, compared with $10,929 in the previous year. These amounts represent earnings per share of $2.76 and $3.39, respectively.

Total assets increased by almost $5,000 during the year, municipal bond holdings rising $8,600, while cash was $5,400 lower at $9,131.

Estates department assets were $2,600 higher. The chief change in liabilities was an addition of $2,000 to the mortgage investment reserve, bringing the total to $6,000.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits $	Div. Rate %	Rate† Earned per sh. %
1930 ...	210,500	6,664	...	2.08
1931 ...	210,500	10,275	...	3.21
1932 ...	211,000	10,341	2.50	3.21
1933 ...	211,000	‡7,720	2.00	2.40
1934 ...	211,000	10,928	2.00	3.39
1935 ...	211,000	8,897	2.00	2.76

†On paid-up capital. Par $50. ‡Less income tax, year 1932, $1,424.

Capital Account Net Assets

	1935 $	1934 $
Liquid assets ...	29,827	26,912
Mortgages & int. ...	199,829	200,662
Total ...	229,655	227,574
Estates, etc. ...	333,516	330,938

New Long Distance Rates Announced by Bell 'Phone

Revision of night rates on person-to-person calls, which hitherto have not been subject to any discount, and week-end rates on both "anyone" and person-to-person calls which will provide night rates between 7 p.m. Saturday and 4.30 a.m. Monday, or all day Sunday, are announced by the Bell Telephone Co. of Canada.

The revision, fifth within the last seven years, will operate to the advantage of telephone users, according to Bell officials. Judicious use of the telephone services under the new arrangement are expected to yield substantial savings.

"From our standpoint," a Bell Telephone official said, "we hope that increased use of our long distance lines by both old and new patrons will tend to offset the revenue losses from the extension of the discount periods."

Where it formerly cost $2.45 to call from Toronto to Montreal at "any time" the new night rate and week-end rate is $1.50 for person-to-person calls. "Anyone" calls from Toronto to Montreal cost $1.95 day rate while the night rate or week-end rate is $1, the same as the former night rate.

Minto Coal Takes Out New Brunswick Charter

From Our Own Correspondent

MONTREAL. — Minto Coal Co., which recently surrendered its federal charter, has been incorporated under a New Brunswick charter, with the company's head office at Minto.

The company is the largest producer of bituminous coal in New Brunswick.

International Utilities Pays on Prior Preferred

International Utilities will pay $1.50 a share on February 1 on the $7 prior preferred stock and 75 cents a share on the $3.50 prior preferred to shareholders of record January 21.

Last payment on November 1 was $1.25 a share on $7 prior preferred and 62½ cents a share on $3.50 prior preferred.

Arrears on $7 prior preferred after February 1 will be $6.87½ a share on $3.50 prior preferred $3.18¾. Full rate on these two stocks of $1.75 a share and 87½ cents a share quarterly will have to be attained before the increase in arrears is halted.

York St. Buildings Makes All Payments

York Street Buildings Ltd. expects to be able to maintain full interest payments on its six per cent first mortgage bonds. The issue was reduced below $200,000 by sinking fund payment in April, 1935. The original issue in 1928 was $265,000.

Larger long-term leases which expired in July, 1935, have mostly been renewed, but at decreased rentals. Unless additional space can be leased, there may be some difficulty in maintaining full sinking fund payments, it is understood.

Classified Advertisements

Classified ads cost 4c. per word and figure for each insertion. Minimum ad, $1.75. Add five words when box number is required. Classified ads payable in advance.

Situation Wanted

CHARTERED ACCOUNTANT, 29 — at present employed; after 4 years in the bank and 7½ years with two of the leading firms of chartered accountants, desires to make connection where ability and initiative would be recognized in a tangible way; a hard worker; always a leader in studies; any organization with which this man decides to cast his lot will be well repaid by a life-time of loyal and intelligent service. Will go anywhere for the right opportunity. Box 278, The Financial Post, Toronto.

NOTICES

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, 29th January, 1936, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.

DUDLEY DAWSON,
General Manager.

Toronto, 12th December, 1935.

DIVIDEND NOTICES

PACKARD MOTOR CAR COMPANY

DIVIDEND NO. 120

The Board of Directors has declared a dividend of ten cents (10c) per share on the outstanding Common Non-Par Value Shares of the Company, payable on the 11th day of February, 1936 to the holders of the Common Non-Par Value Shares of record at the close of business January 15, 1936. The books will not be closed.

MERLIN A. CUDLIP, Secretary

Detroit, Michigan, January 3, 1936

Auction Sale of Securities

Under and by virtue of the powers contained in a certain hypothecation and certain other agreements, all of which will be produced at the time of sale, there will be offered for sale by public auction on Monday, the 10th day of February, 1936, at the hour of ten o'clock in the forenoon at the premises of Ward Price, Limited, 111 King Street West, Toronto, by Walter Ward Price, Esquire, Auctioneer, the following securities in separate parcels or en bloc as the vendor may decide, and upon the conditions of sale which will be read at the time of sale:

10,000 Preferred Shares of the Capital Stock of Dominion Square Corporation, par value $100 per share, being all the authorized Preferred Shares of the Corporation.

49,992 Common Shares of the Capital Stock of Dominion Square Corporation, no par value, being all the authorized Common Shares of the Corporation except 8 shares.

$1,481,000 6½% General Mortgage Bonds, Class B, of Dominion Square Corporation, due May 1, 1945, with all coupons attached from and including December 1, 1929, excepting on $100,000 of such bonds to which coupons are attached from and including June 1, 1935.

TERMS: Cash or cheque satisfactory to the auctioneer at par in Toronto.

The Vendor will have the right to bid at this sale.

For further particulars and conditions of sale apply to:

Mulock, Milliken, Clark & Redman,
711 Dominion Bank Building,
Toronto,
Solicitor for the Vendor.

Dated at Toronto, Ontario, this 10th day of January, A.D., 1936.

Week In Wheat

Situation Unchanged

* * * *

Selling Substantial

* * * *

But Actual Exports Small

From Our Own Correspondent

WINNIPEG.—No great change in the wheat market situation has developed during the past week. Substantial commitments for forward shipment of Canadian wheat are still being made spread over the next four months. A greater volume of definite business is now on the books of exporters than has been the case at this season for several years.

* * * *

The Canadian Wheat Board continues to sell in substantial quantity both in the futures market, and in the form of cash wheat in various positions. Overseas millers are evidently planning to use a higher percentage of Canadian wheat. United States millers continue to draw in fair volume on Canadian wheat in store in United States positions for their domestic flour manufacture.

* * * *

But it still remains the case that actual shipments of Canadian wheat overseas continue to be at a disappointing rate. These do not reflect the extent of recent buying. Importers are still able to draw on other than Canadian sources for a considerable proportion of their supplies. Argentina is shipping fair quantities, although much less than those of a year ago. The deficiency in her shipments is not resulting, to the full extent that had been hoped for in increased demands for Canadian wheat. Russia is proving her ability to supply larger quantities than had been anticipated, while Australian shipments are unusually heavy.

Two Wheat Probes

WITH the Conservative party planning a drive for an immediate investigation into the operations of the new wheat board, the opening weeks of the session will see spectacular developments in this regard.

It is learned that any request of this character will be granted forthwith by the government. More than that, the government is preparing to launch a Royal Commission enquiry into the operations of the old wheat board. Such an investigation will be directed primarily to the relations between the old wheat board and the wheat pools and to the operations which any members of the board may have carried on in grain.

* * *

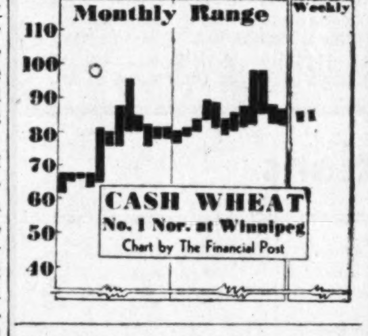
Argentine and Europe

IT IS evident that the full extent of the Argentine short crop is not going to be felt until after midsummer By that time the new crop production completed or in prospect in the northern hemisphere will come in as a market factor. European prospects are on the whole rather poorer than those of a year ago, with prospects in the United States better.

* * *

U. S. Mart Unsettled

MARKETS south of the line have not yet fully digested the invalidation of the wheat processing tax by the supreme court. The expected increase in flour buying is slow to develop, probably owing to uncertainties about how refunding of processing taxes already collected is to be handled, and where the benefit will rest. Some observers predict an increase in spring wheat acreage with removal of acreage control measures. Such a view probably credits the acreage restriction provisions now invalidated with more power than they really had, for winter wheat acreage seeded was very large in spite of restrictions formerly in effect.



Short Crops and Feed Use Cut World Wheat Stocks

Short crops in most exporting countries, negligible shipments from Russia, and liberal use of wheat for feed: These combined to reduce world wheat stocks from a record peak in midsummer 1934 at least halfway toward normal levels by August, 1935, according to a review of the world wheat situation by Stanford University authorities.

The United States took sizable amounts of durum and feed wheat from Canada, and was a net importer for the first year since 1836-37.

Carryover Reduction

Another short world crop in 1935 presages further reduction of the "carryover surplus."

Toward solving the underlying wheat surplus problem, however, progress has been slight. Wheat consumption for food continues low.

Growers are still geared to produce more than world markets, hampered by complex restrictions, can absorb at prices that producers deem remunerative.

St. Lambert Bondholders To Consider Debt Plan

From Our Own Correspondent

MONTREAL. — Holders of bonds of the City of St. Lambert have been notified to attend a meeting on February 10. The purpose of the meeting is to "vote upon a proposed plan to reorganize its funded debt," according to the official notice issued by the city.

Copies of the plan are not yet available.

Rust Resistant Jubilee Wheat Will be Tested

Field Trials This Year—May Save Millions For Farmers

Early in 1937 approximately 50,000 bushels of the new rust-resistant wheat developed by the Dominion government will be available for commercial distribution, in 10 bushel lots, to prairie farmers.

During the coming summer, this variety, known as Jubilee, will receive extensive field trials. If it stands up as well under these as it has done in the laboratory of the Dominion government, the introduction will represent a potential saving of millions of dollars, not only to farmers in western Canada, but probably also to farmers in the north-western states.

Free wheat is a very important crop in the latter area, and growers there have borrowed freely on Canadian scientific contributions to wheat growing. It will be recalled that Marquis wheat, developed by the Dominion government, is very extensively grown in the United States as well as Canada.

Practically the entire 1,500,000 acres sown to spring wheat in Manitoba last year was ruined, that is so far as the production of flour is concerned, as a result of rust.

In addition, a very large portion of the crop in southern Saskatchewan was also affected.

60 Million Bushels Lost

It is estimated that of the reduced crops grown in the two provinces last year, some 60 million bushels of wheat will be unfit for anything more than feed.

Not only was the crop more than cut in two as a result of the rust, but nearly all of it failed to reach a commercial grade for flour and 99 per cent of it also would be unfit for feed.

On the other hand, certain varieties of rust-resistant wheat grown in the same area came through practically unscathed. Had there been a rust-resistant variety available for commercial distribution last year, it is estimated that over $100 millions would have been saved.

In the meantime, Canadian farmers are going to plant a considerable quantity of the new Thatcher rust-resistant wheat developed in Montana.

Last year, this variety came through in excellent shape, it is reported, and as a result, feed houses and some of the grain companies have imported considerable quantities. This wheat, in small lots, will be treated for commercial use at the elevators or sold direct.

Originally intended as a stopgap until the new Jubilee variety was ready, it is now conceded that it may equal or even surpass the variety recently developed by the Dominion authorities.

Equal to Marquis?

In many qualties, both Jubilee and Thatcher are conceded to be only slightly inferior to Marquis.

Flour made from the Thatcher is not quite as white as that from Marquis, but the difference is hardly noticeable, and it is believed that when made into bread the consumer will not be able to distinguish any difference at all.

Exports of Canadian Flour Continue Gain Over Year Ago

But Still Far Below 10-year Average — Only One Month Since Beginning of Crop Year Under 1935 — Increase is Moderate

Canadian wheat flour exports continue to gain over a year ago, though the increase is not running very large.

Total November exports, according to the Dominion Bureau of Statistics, amounted to well over 525,000 barrels as compared with less than 505,000 barrels for November, 1934. This was about the same rate of gain as in October and September. So far, only the first month (August) of the present crop year, showed any decline from the export shipments of a year ago. December flour exports of 443,828 bbls. are 15 per cent below November, but 31 per cent higher than in December, 1934.

Wheat Off in December

Whether that gain will be maintained throughout the winter, however, is uncertain. Total Canadian wheat and flour exports for December when translated into bushels of wheat showed a sharp decline from the previous month. November total piled up a big volume with almost the equivalent of 29 million bushels exported. For December, this declined to only slightly over 19 million bushels, though this was a trifle higher than December, 1934.

While the flour export showing so far this year is larger than for the 1934 crop year as compared with the 10-year average, however, it is very considerably down. The 10-year average for November, for instance, is placed at over 800,000 barrels. Only for two months last fall and for one month in the early spring of 1935, did Canadian flour exports ever approach within 300,000 barrels of the 10-year volume.

Difficult Times

Compared with total flour production, however, the present output of about 1.6 million barrels is within 300,000 barrels of the 10-year average at this time.

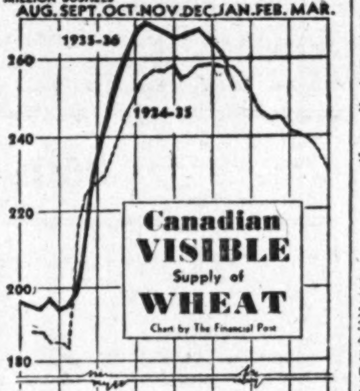
The fact that total production only showed a moderate decline, whereas flour exports are running very far short on the 10-year average, indicates clearly the difficult time Canadian millers have been having during the past five years. Unable to capture anything like their previous sales volume abroad and flooded with the same production, more and more they have concentrated their efforts on the domestic market with consequent disastrous effects on profits.

Flour exports so far in the crop year with a comparison with 1934 are as follows:

Wheat Flour Exports

Month:	1935 (bbls.)	1934 (bbls.)
December	443,828	340,751
November	525,368	504,384
October	501,442	485,549
September	395,640	369,320
August	376,562	412,089

Visibles Drop Again



Visible Canadian wheat supplies of 256,928,000 bushels last week, compared with 261,127,000 bushels in the preceding week, indicate that the outward flow to world export markets is continuing. The outward movement is noticeably faster than at this time a year ago, and is creating a healthier statistical position from week to week.

Wheat Prices

(Cash Quotations)

	For week Jan. 14 High	Low	Prev. week High	Low
At Winnipeg:	$	$	$	$
1 Man. Hard	.86⅜	.85½	.86⅞	.86
1 Northern	.85¼	.84⅜	.85⅞	.84½
2 Northern	.82⅞	.82	.83¼	.82¼
3 Northern	.79⅛	.78¼	.79½	.78¼
4 Northern	.76⅜	.75	.76¾	.74½
5 Wheat	.68⅛	.66¾	.68½	.66
6 Wheat	.60⅛	.58¾	.60½	.58¾
Feed Wheat	.50⅝	.49¼	.51	.47¼
Vancouver: Week to Jan. 10:				
1 Northern	.88	.87	.88⅜	.87⅛

Competitive Export Prices: (January) shipment:

	High Week to Jan. 10 $	Low $
No. 1 North. (Vanc.)	1.07¼	1.06⅜
No. 2 North. (Atlan.)	1.01⅝	.100⅞
No. 2 North. (Vanc.)	1.05⅜	1.04⅛
Argentine Rosafe*	unquoted	
Do., Barusso*	unquoted	
West Australian	0.97¼	0.95¾
Australian (March)	0.95⅜	0.94⅜

*New crop, shipment Jan.-Feb.

Winnipeg Grain Prices

Week to Jan. 14, 1936

Crop year from Aug. 1, 1935 High	Low		Open Jan. 8	High for week	Low for week	Close Jan. 14
		Wheat				
1.02¼	.85⅜	May	.89⅛	.89⅛	.87⅜	.87¾
.92⅞	.86½	July	.89⅜	.89⅜	.87¾	.88⅛
.89	.86¾	Oct.	.....	.89	.86¾	.87⅛
		Oats				
.35⅜	.29⅜	May	.32½	.32⅜	.31¾	.32⅛
.33⅜	.30	July	.32⅜	.32¾	.32	.32¼
		Barley				
.42½	.34⅝	May	.38⅜	.38½	.36⅞	.37¼
.40	.35⅜	July	.39	.39⅛	.37⅞	.38
		Flax				
1.65	1.33	May	1.64⅜	1.65	1.60½	1.63¼
1.63	1.40¼	July	1.63	1.63	1.58¾	1.60⅝
		Rye				
.51⅞	.41¼	May	.46½	.46½	.44	.44⅝
.48½	.43⅛	July	.47⅜	.47⅜	.44⅞	.45⅛

Company Earnings

Sawyer-Massey Ltd.

Sawyer-Massey Ltd. reports a deficit of $94,083 for the year ended Sept. 30, 1935. Although no provision was made for depreciation, operating loss, before bond and other interest, amounted to $19,594.

Working capital deficit amounts to $538,000, current assets totalling $401,967 and current liabilities $939,968. Secured bank loans alone stand at $888,237.

In an accompanying statement, auditors point out that as no provision has been made for depreciation in the operating statements of the company and for this reason a provision for depreciation at 50 per cent of the normal rates has been set up from Jan. 1, 1928. This is shown as an addition of $288,309 to the deficit.

Total assets are shown at $1.7 millions. Auditors state, however, that considering the position of the company's business, the values at which capital assets are carried are excessive. These values are to some extent offset by the reserve for contingencies of $200,000.

First mortgage bonds, due 1942, are outstanding to principal amount of $600,000.

Income and Surplus Account
Year Ended Sept. 30, 1935

	$
Gross profit	†50,464
Less: Selling & admin. exps.	58,184
Executive salaries	11,760
Legal fees	144
Operating loss	19,594
Add: Bond & other interest	74,489
Deficit for year	94,083
Add: Previous deficit	108,213
Depreciation, etc.	*288,309
Deficit carried forward	490,605

Working Capital
As at Sept. 30, 1935

	$
Current assets	401,967
Current liabilities	939,968
Working capital deficit	538,001

†No provision made for depreciation.
*Provision for depreciation at 50 per cent of normal rates from Jan. 1, 1928.

Dominion Oilcloth

Dominion Oilcloth and Linoleum Co. reports net earnings available for dividends of $892,747 in the fiscal year ended October 31, 1935. This was equivalent to $1.27 a share on the common stock, compared with net earnings of $955,032 and share earnings of $1.37 in the previous year.

In the balance sheet, current assets are down from $2,179,567 to $1,975,437. Current liabilities are up from $210,524 to $231,977, the net result being a decline of working capital from $1,969,043 to $1,742,460.

During the year the company paid four quarterly dividends of 30 cents a share and an extra of ten cents a share. This is the same policy as in 1934. As the extra dividend paid in 1934 was provided out of the previous year's surplus, total dividends for the two years were only $16,621 in excess of earnings for that period.

In his remarks to the shareholders, John J. McGill, president, states that sales during the year showed a decline of only 1 per cent from the previous year, with a consequent reduction in net profit.

Orange Crush Ltd.

Lower earnings before depreciation and write-offs are reported by Orange Crush Ltd. for the year ended Oct. 31, 1935, net earnings amounting to $20,017 as compared with $34,278 in the previous year. Net profit for the year was $1,329.

Working capital at $40,693 is up about $8,000 over the previous year. Cash on hand is shown at $19,308, accounts receivable at $21,310 and inventories at $14,467. Current assets total $14,401 and customers' deposits refundable upon return of containers amount to $17,488.

In reviewing the year's operations, E. P. Taylor, president, states that an aggressive advertising and merchandising campaign was carried out. The cost was charged to expenses of the year, but the benefits will be apparent in the future.

Income and Surplus Account
Years Ended Oct. 31

	1935 $	1934 $
Net earnings	19,516	34,278
Add: Int., disct., rentals, etc.	501	802
Total net earnings	20,017	35,080
Less: Interest & exch.	579	372
Depreciation	15,821	13,457
Income tax reserve	27	......
Res. for doubt. accts.	1,607	1,107
Carrying chgs.*	77	......
Inventory adj.	577	......
Assets written off■	......	287,375
Profit for year	1,329	†267,231
Add: Prev. deficit	835,914	3,893
Incorp. surplus	......	178,703
Coll. insur. res.	......	2,908
Adjustment	2,718	......
Less:		
Amts. written off•	......	739,187
Res. for doubt. inv.	......	15,000
Deficit carr. forward	837,303	835,914

*Unused plant and property. †Deficit.
■Comprising organization expenses, $45,574; licenses, etc., $400,928; investment in Latin American Orange Crush Co., $200,700; investment in Orange Crush Bottling Co., Ltd., $31,000; investment in Buckingham Ginger Ale Co. Ltd., and Icy-Orange Co. Ltd., $56,436; life insurance premiums, $4,549.
•Amounts written off against assets of doubtful value as approved by the directors, consisting of: due from subsidiary and allied companies, $268,567; loss on Ottawa agreement for sale, $690; inventory adjustment re obsolete stock, $10,672; containers in hands of customers, $9,446.

Working Capital
As at October 31

	1935 $	1934 $
Current assets	55,084	46,554
Current liabilities	14,401	13,662
Working capital	40,683	32,892

Canada Vinegars

Earnings of Canada Vinegars Ltd. for the year ended Nov. 30, 1935, dropped 40 cents a share as compared with the previous 12-month period. Earnings were equivalent to $1.22 a share as against $1.62 a share in 1934 and dividend requirements of $1.60 a share. The reduction in earnings is attributed to lower prices obtained for the company's products.

Working capital is about $30,000 lower. Inventories were reduced during the year from $310,225 to $262,163. Cash on hand at $34,169 is up $13,327 and accounts receivable are $10,362 lower. Accounts payable also dropped by $10,000.

Cons. Income & Surplus Account
Years Ended Nov. 30

	1935 $	1934 $
Net earnings*	203,712	243,548
Less: Depreciation	62,812	61,075
Income tax reserve	24,400	28,223
Directors' fees	2,300	2,100
Divds. paid on pref. shs. Western Vinegars	1,750	1,750
Amt. paid in excess of book value of com. shares of Western Vinegars acquired	......	985
Net profit	112,450	149,416
Less appropriations: Dividends	147,200	147,200
Surplus for year	†34,750	2,216
Add: Prev. surplus	219,520	217,304
Balance carried forward	184,770	219,520

*After all costs of operation, management, selling and office overhead expenses; includes $546 in 1934 for bond interest and profit on sale of bonds.
†Deficit

Working Capital
As at Nov. 30

	1935 $	1934 $
Current assets	356,854	401,951
Current liabilities	118,090	133,606
Working capital	238,764	268,345

Montreal Telegraph

Montreal Telegraph Co.'s income account and balance sheet for the year ended December 31, 1935, show no material change from the preceding year.

The company's properties are leased to the Great Northwestern Telegraph Co., which in turn is now part of Canadian National Railways Telegraph System.

Income and Surplus Account
Years Ended Dec. 31

	1935 $	1934 $
Rev. from Gr. North W.	165,000	165,000
Rev. from investments	3,080	3,234
Total revenue	168,080	168,234
Less: Res. for inc. tax	20,000	20,000
Administration exps.	5,785	5,670
Net income	142,295	142,564
Less: Dividends	140,000	140,000
Surplus revenue	2,295	2,564
Unclaimed divds.	169	5
Profit on sale of bonds	164	......
Previous surplus	51,301	48,824
Total	53,929	51,393
Less: Amount transferred to divd. acct. for extra tax assessed on prev. year's income	1,743	92
Balance carried forward	52,186	51,301

Coast Breweries

Coast Breweries, Ltd., report for the year ended June 30, 1935, shows net profit at $167,297, practically unchanged from the preceding year. Profits were equal to 93 cents a share in both years on 180,315 no par value common shares. Dividends were continued at rate of 92 cents a share. Better sales are reported so far in current year.

Working capital declined with inventories higher and cash and receivables lower.

Two United States breweries were transferred late in 1935 to a newly formed company, Capital Estates. The entire stock of the latter was transferred on a share for share basis to Coast Breweries shareholders. Any future change in Capital Estates situation will therefore not appear in Coast Breweries statement.

Consolidated Income and Surplus Account
Years Ended June 30

	1935 $	1934 $
Net income	585,857	596,819
Less: Selling, adm. & general expenses	258,800	269,674
Net earnings	327,057	327,145
Less: Depreciation	73,750	79,185
Income taxes	86,009	80,806
Net profit	167,297	167,154
Less: Dividends	165,890	165,844
Surplus for year	1,407	1,310
Previous surplus	36,735	35,425
Bal. carried forward	38,142	36,735
Working Capital		
Current assets	349,564	414,442
Current liabilities	148,772	150,319
Working capital	200,792	264,123
Ratio	2.35—1	2.76—1

de Havilland Aircraft

With turnover up 76 per cent, de Havilland Aircraft of Canada Ltd. reports a net profit of $4,077 in the year ended Sept. 30, 1935, compared with a deficit of $41,006 in the preceding year. There is no apparent prospect, however, of early resumption of dividends.

Gross trading profit, before depreciation amounted to $10,500 compared with a trading loss of $6,192 in 1934. The 1934 figure included non-recurring expenditure connected with staff reorganization of $4,413.

Working capital shows improvement at $155,708. Current assets increased $44,000 during the year, both liquid assets and inventories being higher.

Income and Surplus Account
Years Ended Sept. 30

	1935 $	1934 $
Operating profit	4,977	*6,567
Less: Prov. for inc. tax	900	......
Uncoll. claims w/o	......	3,000
Ext. exps. re staff change	......	4,413
Inventories w/o	......	27,026
Surplus for year	4,077	*41,006
Add: Prev. surplus	37,946	2,242
Profit on red. of shs.	......	818
Profit on sale of bds.	3,186	......
Deficit carr. forward	30,683	37,946

*Loss or deficit.

Working Capital
As at Sept. 30

	1935 $	1934 $
Current assets	192,053	148,233
Current liabilities	36,345	6,042
Working capital	155,708	142,191

Metal Prices

New York—Jan. 14—
Copper: Electrolytic spot and future, $9.25.
Silver: 49¾c.
London—Jan. 14—
(Long Ton)—
Copper: Electrolytic spot, £38 15s; future, £39 5s. Standard spot, £34 12s 6d; future, £35.
Tin: Spot, £213; future, £203 15s.
Lead: Spot, £15 2s 6d; future, £15 5s.
Zinc: Spot, £14 7s 6d; future, £14 12s 6d.
Gold: 140s 8d.
Silver: 20¼d.
Canada—Jan. 14—
Gold: $34.96.

BALANCE SHEET OF THE
Toronto Mortgage Company
For the Year Ending 31st December, 1935

ASSETS

Office Premises in Toronto Street, unencumbered		$ 45,000.00
Real Estate held for sale		89,272.88
Mortgages at face value, less provision for possible depreciation—		
Principal	$ 4,135,831.51	
Interest due	14,388.03	
		4,150,219.54
Loans on Stocks and Bonds		12,500.00
Securities of the Dominion of Canada and its Provinces	$ 387,474.69	
Securities guaranteed by the Dominion of Canada or by its Provinces	168,465.55	
Debentures of Canadian Municipalities	80,384.52	
Other Bonds and Debentures	11,883.87	
		648,208.63
Stocks fully paid up		127,518.75
Cash in Chartered Banks		134,838.90
Cash in Office		5,802.60
Total		$ 5,213,161.30

LIABILITIES

To the Public		
Debentures Sterling (£424,691:7:7)	$ 2,066,831.38	
Accrued Interest thereon	14,512.01	
Debentures Currency	654,247.87	
Accrued Interest thereon	12,992.21	
Deposits, Savings Accounts	136,864.75	
Reserved for Accrued Taxes	25,000.00	
		$ 2,910,448.22
To the Shareholders		
Capital Stock Subscribed $986,500.00		
Capital Stock fully paid	$ 986,500.00	
Reserve Fund	1,165,002.00	
Dividend declared and unpaid, due 2nd Jan., 1936	29,595.00	
Profit and Loss Account, Balance carried forward	121,616.08	
		2,302,713.08
Total		$ 5,213,161.30

PROFIT AND LOSS ACCOUNT

Dr.	
Interest on Sterling Debentures paid and accrued (£18,644:10:2)	$ 90,736.59
Interest on Currency Debentures paid and accrued	31,521.61
Interest on Deposits	3,521.65
Charges on Moneys borrowed and lent	7,233.39
Cost of Management, viz.:—Salaries, Directors' and Auditors' fees, Office Rent, etc	27,592.13
Dominion, Provincial and Municipal Taxes	22,711.61
Dividends on Capital Stock at 12%	118,380.00
Balance carried forward	121,616.08
Total	$ 423,313.06
Cr.	
Balance brought forward	$ 110,964.36
Interest on Investments, and net rental from Office Premises	312,348.70
Total	$ 423,313.06

W. GILLESPIE, Manager.
THOS. H. WOOD, President.

We have audited the Books and Accounts of the Toronto Mortgage Company for the year ending 31st December, 1935, and have verified the cash, bank balances, and Securities of the Company. After due consideration, we have formed an independent opinion as to the position of the Company. In our opinion, so formed, and according to the best of our information and the explanations given to us, we certify that, with the reservations provided, the above statements set forth fairly and truly the state of the affairs of the Company and are in accordance with its books. All transactions of the Company that have come within our notice have been within the powers of the Company.

ARTHUR J. HARDY
H. D. LOCKHART GORDON, F.C.A. } Auditors

Toronto, 10th January, 1936

ESTD 1857

Grain Merchants Shippers & Exporters

75 Years' Experience in Domestic and Foreign Marketing of Grain

Pioneers in the Exporting of Grain from Western Canada

Correspondents in Every Foreign Port where Canadian Grain is sold

JAMES RICHARDSON & SONS LIMITED

OFFICES:
EXECUTIVE OFFICES - WINNIPEG EXPORT OFFICES - MONTREAL, VANCOUVER
KINGSTON - TORONTO - CALGARY - EDMONTON - MOOSE JAW - SASKATOON - REGINA

THE CANADIAN CONSOLIDATED GRAIN COMPANY LIMITED

Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur

Grain Commission Merchants—Shippers and Handlers of All Grains

Head Office: WINNIPEG, CANADA

JACKSON BROS. GRAIN COMPANY LIMITED

HURON & ERIE BLDG. — WINNIPEG
STOCK EXCHANGE BLDG. — VANCOUVER

STOCKS — BONDS — GRAIN

Members, Winnipeg Grain Exchange — Winnipeg Stock Exchange
Vancouver Stock Exchange — Canadian Commodity Exchange.
Orders executed over private wires on
NEW YORK - MONTREAL - TORONTO - VANCOUVER

NORRIS GRAIN COMPANY LIMITED

WINNIPEG AND TORONTO
PRIVATE WIRE SERVICE
GRAIN AND STOCKS
Represented by NORRIS GRAIN CO. at
London, Liverpool, Chicago, New York, Toledo, Kansas City

PARRISH & HEIMBECKER LIMITED

Incorporated 1909

Grain Receivers, Shippers and Exporters

HEAD OFFICE: WINNIPEG
BRANCH OFFICES:
MONTREAL TORONTO PORT ARTHUR
LETHBRIDGE CALGARY EDMONTON
VANCOUVER

"An old established firm with a reputation for doing business RIGHT"

Quality Builds Good-will

Good-will and enduring reputation have been built and maintained by Purity Flour through strict adherence to quality and uniformity. It is on this sound basis that Purity Flour, the Company's leading brand, has held for over thirty years, foremost place in the estimation of Canadian users.

PURITY FLOUR

Best for All Your Baking

Milled by Western Canada Flour Mills Co., Limited.

Head Office, Toronto; Branches from Coast to Coast. Mills at: Goderich, Winnipeg, Brandon, Calgary and Victoria.

Other Leading Products: Purity Rolled Oats; Purity Salt; Hovis Flour; Pioneer Poultry Foods.

Northern Elevator Company Limited

Incorporated 1893

OLDEST ESTABLISHED GRAIN FIRM IN CANADA
40 YEARS OF CONTINUOUS PUBLIC SERVICE

Head Office:
GRAIN EXCHANGE — WINNIPEG, MAN.

BARNETT-McQUEEN COMPANY LTD.

Designing Engineers and Contractors—All Classes of
GRAIN ELEVATORS-WAREHOUSES
DOCKS AND HEAVY STRUCTURES
PROPOSALS INVITED

"Nothing Too Large or Too Small"

Head Office: 460 Christina St. Mail Address: P. O. Box 547

FORT WILLIAM, ONTARIO

Quotations

Montreal, Toronto Listed and Curb Prices

WEEK ENDING JANUARY 13

Range 1935-36 High	Low	Divd. Rate $ in %	Y'ld Jan. 11		Sales	Close Jan. 6 (last)	Week Ending Jan. 13 High	Low	Close
[illegible]									

Canadian Bond Markets

Government Bonds

(Furnished by Toronto Bond Traders' Assoc.)

January 15, 1936

Dominion of Canada Bonds

			Bid Jan. 14	Asked Jan. 14	Approx. Yield	Bid Jan. 8
Dominion ..	2	15 Oct. 1936	100.15	100.75	1.02	100.15
Dominion ..	5	15 Nov. 1936	102.25	103.25	1.10	102.50
†‡Dominion ..	5	1 Mar. 1937	104.25	105.25	.35	104.65
‡Dominion ..	5½	1 Dec. 1937	107.25	108.25	1.09	107.25
Dominion ..	2½	15 Oct. 1939	101.25	102.25	1.88	101.00
Dominion ..	4	15 Oct. 1939	106.00	107.00	2.05	106.00
Dominion ..	2	15 Nov. 1939	99.85	100.85	1.77	99.85
Dominion ..	4½	1 Sept. 1940	109.00	110.00	2.22	109.00
Dominion ..	5	15 Nov. 1941	110.50	111.50	2.85	110.75
Dominion ..	3	15 Oct. 1942	103.25	104.25	2.34	103.00
Dominion ..	2½	1 June 1943	100.75	101.75	2.22	100.50
Dominion ..	5	15 Oct. 1943	111.50	112.50	3.17	111.65
Dominion ..	4½	15 Oct. 1944	109.50	110.50	3.12	109.75
Dominion ..	4	15 Oct. '43-45	106.00	107.00	2.99▲	106.00
Dominion ..	4½	1 Feb. 1946	109.35	110.35	3.28	109.35
Dominion ..	3½	15 Oct. '44-49	102.65	103.65	3.02▲	102.65
Dominion ..	4	15 Oct. '47-52	104.85	105.85	3.40▲	104.75
Dominion ..	3	1 June '50-55	97.50	98.50	3.10	97.50
Dominion ..	4½	1 Nov. '46-56	106.85	107.85	3.63▲	107.00
Dominion ..	4½	1 Nov. '47-57	106.85	107.85	3.68▲	107.00
Dominion ..	4½	1 Nov. '48-58	107.15	108.15	3.70▲	107.35
Dominion ..	4½	1 Nov. '49-59	107.25	108.25	3.74▲	107.50

Dominion Guaranteed Bonds

			Bid	Asked	Yield	Bid Jan. 8
*G. T. P. Ry.	3	1 Jan. 1962	97.50	98.50	3.08	97.75
Can. N. Ry.	3	1 May 1944	101.50	102.50	2.66	101.50
Can. N. Ry.	3	15 Dec. '45-50	97.75	98.75	3.10	98.00
*Can. N. Ry.	4½	1 Sept. 1951	110.50	111.50	3.55	110.75
*Can. N. Ry.	4½	1 Feb. 1956	110.50	111.50	3.68	110.50
†Can. N. Ry.	4½	1 July 1957	108.75	109.75	3.83	109.00
*Can. N. Ry.	4¾	15 June 1955	113.00	114.00	3.73	113.25
Can. N. Ry.	5	1 Feb. 1954	113.25	114.25	3.91	113.25
*Can. N. Ry.	5	1 July 1969	113.75	114.75	3.48▲	113.75
*Can. N. Ry.	5	1 Oct. 1969	115.25	116.25	3.76▲	115.25
*M. Harb. C.	5	1 Nov. 1969	115.50	116.50	3.75▲	115.50

Provincial Government Bonds

			Bid	Asked	Yield	Bid Jan. 8
Eastern—						
†N. Bruns. ..	4½	15 Apr. 1961	106.75	108.00	3.99	107.00
†N. Bruns. ..	5	15 Jan. 1960	112.50	113.75	4.09	113.00
N. Bruns. ..	5½	15 May 1950	112.50	113.75	4.22	112.50
N. Scotia ..	4½	15 May 1943	106.50	107.75	3.30	106.75
†N. Scotia ..	4½	15 Sept. '47-52	107.50	108.75	3.60▲	107.75
N. Scotia ..	4½	15 May 1961	108.00	109.25	3.91	103.50
†N. Scotia ..	5	1 Mar. 1960	113.50	115.00	4.03	114.00
*Ontario	4	1 June 1962	100.00	102.50	3.85	102.50
*Ontario	4½	1 Sept. 1944	106.00	108.00	3.42	107.00
Ontario	4½	1 June 1950	103.00	104.00	4.13	105.25
*Ontario	4½	15 Jan. 1962	105.50	107.50	4.03	106.50
Ontario	5	15 Oct. 1948	106.00	107.50	4.24	108.25
*Ontario	5	2 Dec. 1960	112.00	114.00	4.10	114.25
Ontario	5½	1 July 1946	107.50	108.50	4.48	110.00
O. H. C.	3½-4-5	1 Oct. '33-52	99.50	100.50	2.79▲	100.00
*Ont. Hyd. C	4	1 Aug. 1957	100.00	103.00	3.80	103.00
Ont. Hyd. C.	4¾	1 Jan. 1970	106.00	107.50	4.33	109.00
Quebec	4	15 Mar. 1962	105.25	106.25	3.50	105.25
Quebec	4¼	1 Aug. 1958	108.00	109.25	3.63	108.25
Quebec	4½	2 Jan. 1963	110.00	111.25	3.82	110.25
Western—						
†Alberta ...	4	1 Dec. 1957	83.00	85.00	5.15	85.00
†Alberta ...	4½	1 Oct. 1956	84.00	87.00	5.56	87.00
†Alberta ...	5	1 Jan. 1948	91.00	93.00	5.82	91.00
Alberta ...	5	1 Sept. 1955	89.00	91.00	5.77	90.00
*Alberta ...	5	1 Oct. 1959	91.00	93.00	5.53	94.00
†Alberta ...	5½	1 Jan. 1947	91.00	93.00	6.40	95.00
Alberta ...	6	1 Mar. 1947	91.50	93.50	6.84	95.00
†Brit. Col. ..	4	1 Dec. 1957	92.00	94.00	4.43	92.00
*Brit. Col. ..	4½	15 Jan. 1951	97.50	99.00	4.59	98.00
†Brit. Col. ..	4½	1 Oct. 1953	96.00	97.50	4.71	96.50
†Brit. Col. ..	5	15 Jan. 1948	99.00	100.00	5.00	99.50
Brit. Col. ..	5	1 Sept. 1953	99.00	100.00	5.00	99.00
Brit. Col. ..	5½	1 Feb. 1945	99.00	100.50	5.43	100.00
Brit. Col. ..	6	15 Feb. 1947	100.00	101.00	5.87	100.50
†Manitoba ..	4	1 Dec. 1957	98.00	99.00	4.07	98.00
†Manitoba ..	4½	15 Dec. 1956	100.50	102.00	4.35	100.50
†Manitoba ..	5	15 June 1954	104.00	106.00	4.52	105.00
*Manitoba ..	5	2 Dec. 1959	105.00	107.00	4.52	105.50
Manitoba ..	5½	1 Oct. 1955	103.00	104.50	5.14	104.00
Manitoba ..	6	1 Apr. 1947	105.00	107.00	5.18	107.00
Sask.	4	15 Aug. 1953	87.50	89.00	4.93	88.50
*Sask.	4½	2 July 1945	96.00	98.00	4.76	96.00
†Sask.	4½	1 Oct. 1951	94.00	95.50	4.91	95.00
Sask.	5	1 Aug. 1958	97.00	99.00	5.07	99.00
†Sask.	5½	15 Nov. 1946	99.00	101.00	5.37	100.50
Sask.	6	15 Mar. 1952	102.00	103.50	5.67	103.00

Municipal Bonds

			Bid	Asked	Yield	Bid Jan. 8
†Calgary	5½	2 June 1944	82.00	86.00	7.76	82.00
†Edmonton .	5½	1 Nov. 1945	84.00	87.00	7.36	83.00
†Halifax	5	1 July 1961	112.00	113.00	4.17	112.00
Hamilton ..	5	1 May 1950	104.00	108.00	4.25	106.75
Montreal ..	5	1 Mar. 1945	105.00	106.50	4.14	105.25
Ottawa	4½	1 July 1945	105.00	107.50	3.56	105.50
†Quebec	5	1 June 1959	108.00	109.00	4.39	108.00
Regina	5	1 July 1944	85.00	90.00	6.55	85.00
St. John ...	5	15 Dec. 1950	107.50	108.50	4.23	107.00
†Toronto ...	4½	1 Jan. 1955	105.00	108.00	3.90	106.00
Vancouver .	5	1 June 1969	89.00	92.00	5.53	90.00
Victoria ...	5	21 July 1945	94.00	97.00	5.40	94.00
Winnipeg ..	5	1 Mar. 1944	101.00	104.00	4.41	101.00

*Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. •Calculated to maturity, although callable prior to that date. ‡Exempt from Dominion income tax.

The Financial Post's Quotations

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of an approximate price is better than none at all.

Mining Stock Quotations

WEEK ENDING JANUARY 13

Par Val.	Range 1935-36 High	Low	Company	Sales	Close Jan. 6 (or last)	High for week	Low for week	Close Jan. 13
[illegible]								

VANCOUVER STOCK EXCHANGE (Transactions for Week to January 10)

Par Val.	Range 1935-36 High	Low	Company	Sales	Close Jan. 6 (or last)	High for week	Low for week	Close Jan. 10
[illegible]								

Corporation Bonds

(Furnished by Toronto Bond Traders' Assoc.)

January 14, 1936

Public Utility Issues:	Int. Rate %	Due	Bid Jan. 14	Asked Jan. 14	Bid Jan. 7
‡Avalon 'Phone.	5½	'48	101	...	101
Beauharnois ..	5½	'73	83	86	89½
Beauharnois ..	5	'73	28	31	31½
*Bell T'phone ..	5	'55	114	117	115
*Do.	5	'57	116	119	116½
†B. C. Power ...	5	'60	102½	105	102½
†Do.	5½	'60	104	106	103½
†B. C. T'phone..	5	'60	105½	108	105½
†Calgary Pwr. ..	5	'60	101	104	100
Do.	5	'64	97½	100½	97
†Can. Nor. Pr. ..	5	'53	102½	105	102½
†Cedars Rapids.	5	'53	112	114	112
Dom. Gas	6½	'45	86	89	85½
§Duke-Price Pr.	6	'66	104	106	104
*Gatineau Pwr..	5	'56	93	96	92½
*Do., A	6	'41	84	87	84½
*Do., B	6	'41	83½	86½	83½
*Int'l. Hydro ...	6	'44	49½	52½	52½
†Maclaren-Que..	5½	'61	78½	81½	79
Do.	5½	'64	77½	80½	78
*Manitoba Pwr.	5½	'51	77	80	75½
†Mtl. Island Pr..	5½	'57	104½	107½	104½
†Montreal Pwr..	5	'51	106½	...	106½
†Montr'l Tram..	5	'55	86½	89½	84
†Do.	4½	'55	81½	84½	79
†Do.	5	'41	102½	105	102
Nat'l. L. & P. .	6	'49	96	99	95½
*N. B. Power ..	5	'37	91	...	89
†N. S. L. & Pr...	5	'58	103	106	103
†Ottawa Light..	5	'57	105½	108	105½
†Ottawa Val. Pr.	5½	'70	91	94	91
†Power Corp. ..	4½	'50	93½	96½	91
*Quebec Pwr. ..	5	'68	104½	107½	105
†Shawinigan ...	4½	'70	102½	104½	100½
†Do.	5	'70	105	108	104½
†S. Canada Pr..	5	'55	104	107	104
†United Secs. ..	5½	'52	80½	84	79
†W. Koot. Pwr..	5	'56	105½	108	106
†Western Pwr...	5	'49	105	108	105
*Winnipeg Elec.	5	'35	99	101	99
*Do.	6	'54	77½	80½	76½
Industrial and Realty Issues:					
Abitibi Pwr. ..	5	'53	41	44	41
†Alta. P. Grain.	6	'46	98	101	98½
‡Asbestos Corp..	5	'42	93½	96½	90
B. A. Oil	5	'45	105	107	104
Do.	4	'45	102	104	101½
†B. C. Pulp & P.	6	'50	81	85	82½
Burns & Co. ..	5½	'48	88	...	83
Can. Biscuit ..	6½	'46	22	...	18
Canada Bread..	6	'41	107	...	107
†Can. Cement ..	5½	'47	105½	107½	105½
†Can. Paper	6	'45	101½	...	101½
‡Can. Ss. Lines.	5	'43	101½	...	101½
Do.	6	'41	52	55	48
†Can. Canners..	6	'50	105½	...	105½
*Can. Int. Pap..	6	'49	87½	90½	80
C. P. R.	4½	'44	99	102	98½
Do.	4	'49	98½	100½	98
Can. Rail & H.	6½	'51	46½	49½	45½
†Can. Vickers ..	6	'47	89	92	87½
Cons. Paper ..	5½	'61	31	34	31
†Dom. Canners.	6	'40	109	...	109
Dom. Sq. Corp.	6	'48	57	...	55½
†Dominion Tar..	6	'49	102½	104½	102½
†Donnacona P...	5½	'48	64½	67½	63
†East. Dairies ..	6	'49	83	86	83
†Fam. Players..	6	'48	103½	...	103½
†Do.	6½	'48	101	...	100½
†Federal Grain .	6	'49	99½	102½	100
Fraser Cos.• ..	6	'50	89	92	85
Do.▲	6	'50	83	86	80
†G. Steel Wares.	6	'52	100	100½	100
Gt. Lakes Pap.	6	'50	44	47	46
†Gypsum, Lime.	5½	'48	97	100	94½
Ham. Cottons..	5½	'48	101	...	101
*Ham. By-Prod.	5	'55	97½	99½	97½
*Hinde & Dauch	5½	'48	102	...	102
†I. P. & P. Nfld.	5	'68	102	...	102
Int. City Bak...	5½	'48	102½	...	102½
Kingston Elev.	6	'50	95	98	93
Lake St. John P. & Pa.	6½	'47	93	96	93½
†Lon. Can. Inv..	4½	'48	85½	88½	85
†Massey-Harris .	5	'47	91½	94	89½
McColl-Front. .	6	'49	105	08	105
†Mercury Mills.	5½	'53	44	...	37½
M. & O. Paper.	6	'45	31	34	32
Mtl. Dry Docks	6	'48	78½	...	75½
Price Bros. bds.	6	'43	94	97	93
*Prov. Paper ...	5½	'47	101½	104	101½
*Reliance Gr. ..	6	'48	101½	104	101½
‡Riordon Pulp ..	6	'42	104	...	104
†Rolland Paper.	5½	'48	104	106	104
Ruddy & Co...	6½	'48	97½	...	97½
†Simpsons Ltd. .	6	'49	104	106	104
Do.	5½	'49	101	...	101
†Smith, How'd..	5½	'53	104½	107	104½
‡Steel of Can. ..	6	'40	111½	...	111½
United Corpns.	5	'53	90½	93½	90½
United Grain ..	5	'48	99½	102½	99½
Do.	5½	'49	101½	104½	101½
‡Wabasso Cotton	6	'47	111½	...	107½
Do.	7	'42	109½	...	107½
Western Grain.	6	'49	86½	90½	84
Woods Mfg. ...	6	'43	...	...	101

‡Payable in Canada or U. K. †Payable in Can., U. S., or U. K. §Payable in U. S. only. *Payable in Can. or U. S. •Unstamped. ▲Stamped.

Unlisted Mines

January 14, 1936

	Bid	Asked
Ardeen	.09	.10½
Arntfield Syndicate	.90	.95
Athona (Gt. B. L.)	.46	.48
Bidgood Kirkland	.29	.31
Bankfield Gold	.34	.36
Bathurst	.00½	.01½
Bosquet Gold	.07	.08
Can. Pandora	.06	.07
Casey Summit	.11	.14
Canusa Mining	.09	.10
Casey Contact	.02	.03
Central Porcupine	.20	.22
Cons. Chib. Free	1.65	1.70
Cons. Chib. Pool	1.55	1.60
Cunip'au	.20	.22
El Bonanza	.08	.10
Forty-Four Gold	4.00	5.00
Glenora Gold	.09	.10
Galatea	.07½	.08½
Goldside	.03	.04
Gold Eagle	.29	.31
Greenlaw	.03½	.04½
Hudson Patricia	.18	.19
Jellicoe	.04½	.06
Johnson Nipigon	..	.02
Kirk Gold Belt	.06	.08
Knee Lake	..	.05
Lafayette L. Lac	.04	.05
La Palme	.40	.45
La Roche	.14	.16
Long Lac Lagoon	.03½	.05
Lamaque Gold	3.60	3.70
Leitch Gold	.38	.40
MacL. Cockshutt	.04	.05
Magnet Lake	.03½	.04½
Marbuan	.76	.78
Matachewan Can.	.15	.17
McCarthy Webb	.05½	.06½
Mosher	.01½	.02½
North Shores	.02	.03
Oklend	.27	.29
O'Leary	.08	.09
Omega	.72	.74
Opemiska	1.65	1.70
Rice Lake	.01½	.02½
Shawkey	.68	.70
Shinin Tree	.27	.29
Sladen	.38	.40
Slave Lake	.65	.70
Smelter Gold	.04½	.05½
South Keora	.06½	.07
Smith Cobalt	.06	.08
Springer	.07	.09
Straw L. Beach	.07	.09
Sturgeon R. Gold	..	.53
Thom.-Cadillac	.03½	.05
Wells Long Lac	.08	.10
Wingold	..	.09
Wendigo	.14	.16
Young Davidson	.17	.19

Dividends Declared

	This payment	Date payable	Date of record
Brockville Trust	62½c	Jan. 2	Dec. 20
Beatty Bros 1st pfd.	$1.50	Feb. 1	Jan. 15
Biltmore Hat, c.	$1.25	Jan. 23	Jan. 15
Can. North. Pr.	30c	Jan. 25	Dec. 31
Coast Brew.	23c	Feb. 1	Jan. 17
Can. Investors	10c	Feb. 1	Jan. 17
Can. Bronze	15c	Feb. 1	Jan. 20
Do., bonus	50c	Feb. 1	Jan. 20
Do., pref.	$1.75	Feb. 1	Jan. 20
Calgary Pwr., pfd.	$1.50	Feb. 1	Jan. 15
Can. Indus. A & B	$1	Jan. 31	Dec. 31
Can. South. Ry.	$1.50	Feb. 1	Dec. 27
Can. Dredge, c.	$1	Feb. 1	Jan. 15
Do., bonus	$1	Feb. 1	Jan. 16
Dome Mines	50c	Jan. 20	Dec. 31
Do.	50c	Apr. 20	Mar. 31
East. Theatres, pf.	$3.50	Jan. 31	Jan. 15
East. Twps. Tel.	18c	Apr. 15	Dec. 31
Guar. Tr. of Can.	$3.50	Jan. 15	Dec. 31
Frost Steel, 1st pf.	$1.75	Feb. 1	Jan. 18
Gurd. Chas., pf.	$1.75	Feb. 15	Feb. 1
Hecla Mines	10c	Feb. 15	Jan. 15
Hollinger Cons.	5c+5c	Jan. 28	Jan. 13
Humberstone Shoe	50c	Feb. 1	Jan. 15
Imperial Bank	$2.50	Feb. 1	Dec. 31
Int. Nickel, pf.	$1.75	Feb. 1	Jan. 2
Int. Utilities, pf.	$1.50	Feb. 1	Jan. 21
Do., $3.50 pfd.	75c	Feb. 1	Jan. 21
Lambton Loan	$1	Jan. 2	Dec. 16
Little L. Lac Gold	10c	Jan. 20	Dec. 19
McIntyre Mines	50c	Mar. 2	Feb. 1
Mill City Pet.	†5c	Feb. 21	Jan. 31
Mtl. L. H. & Pr.	38c	Jan. 31	Dec. 31
Nipissing Mines	25c	Jan. 20	Dec. 31
Penmans	75c	Feb. 15	Feb. 5
Do., pref.	$1.50	Feb. 1	Jan. 21
Russell Motor pf.	$1.75	Feb. 1	Dec. 31
Do., on arrears	$1	Feb. 1	Dec. 31
St. Law. Flour	50c	Feb. 1	Jan. 20
Do., pref.	$1.75	Feb. 1	Jan. 20
Steel of Can.	43¾c	Feb. 1	Jan. 7
Do., extra	$1.42½	Feb. 1	Jan. 7
Do., pref.	43¾c	Feb. 1	Jan. 7
South. Can. Pr., c.	20c	Feb. 15	Jan. 31
Shawinigan	15c	Feb. 15	Jan. 20
Toburn	2c	Feb. 21	Jan. 21
Weston, Geo., pf.	$1.75	Feb. 1	Jan. 20
Westminster Paper	20c	May 1	....
Ymir Yankee†	2c	Feb. 1	Dec. 31

†Initial.

Unlisted Stocks

(Furnished by A. J. Pattison, Jr. & Co., Toronto)

January 14, 1936

Industrial Stocks:	Bid	Asked
Acadia Sugar, com.	3.60	...
Do., pfd.	4.85	5.15
Acme Farmers Dairy, pfd.	35.50	40.00
Algoma Steel New com.	36.00	40.00
Do., New, pfd.	56.00	63.00
Andian National	47.50	48.75
B. C. Pulp & Paper, com.	1.00	2.25
Burns & Co., A	11.25	12.50
Do., B	6.25	7.25
Canada Starch, pfd.	87.00	...
Canada Tea, pfd.	33.00	40.00
Can. Tube, 1st pfd.	42.50	...
Can. Wire & Cable, 6½% p.	95.00	97.00
Can. Industries A com.	228.00	...
Do., B, com.	227.00	232.00
Do., pfd.	159.00	163.00
Can. Paperboard, pfd. bonus	4.25	6.00
Can. Westinghouse	63.50	65.50
Chase, A. W. pfd. bonus	24.50	27.00
Dom. Found. & Steel, com. (New)	32.00	...
Do., pfd. (New)	92.00	96.00
Dunlop Tire, 7% pfd.	51.00	...
Eastern Dairies, pfd.	15.00	17.00
Edm. City Dairy, pfd.	58.50	...
Federal Grain, com.	3.25	...
Do., pfd.	53.00	55.00
Goderich Elevator	8.00	8.75
Greening Wire, pfd.	103.00	105.00
Guelph Carpet, pfd.	102.50	103.50
Do., com.	16.25	18.00
Highland Dairy, com.	2.25	3.25
Highland Dairy, pfd.	71.00	80.00
Mercury Mills, pfd.	7.00	8.50
Morrow Screw, pfd.	94.00	...
New Meth. Laund. p. bonus	75.00	...
Provincial Paper, pfd.	99.50	101.00
Reliance Grain, pfd.	87.00	90.00
Rob. Cons. Cone	9.50	10.25
Ruddy, E. L., pfd.	31.00	...
Silverwood's Dairies, pfd.	40.00	...
Std. Fuel, pfd. bonus	104.50	106.00
Supertest Pet. B, pfd.	27.50	29.00
Toronto Carpet, pfd.	31.00	36.00
United Steel, A, pfd.	4.75	5.50
Western Grain 6½% p. bon.	18.50	21.00
Willards Choc., pfd.	9.25	...
Trust & Loan Stocks:		
Chartered Trust	77.00	81.00
London & Western Trust	36.00	38.00
Premier Trust	90.00	...
Sterling Trust	31.00	...
Traders Finance, B, pfd.	68.00	72.50
Trusts & Guarantee	30.00	32.00
Insurance Stocks:		
British America	37.00	39.00
Canada Life	508.00	518.00
Canadian Fire	74.50	78.00
Can. Ins. Shares, com.	9.75	10.75
Confed. Life, 20% pd.	116.00	120.00
Continental Life, 20% pd.	36.00	40.00
Crown Life	110.00%	...
Dominion Fire	115.00	...
Dominion Life, 50% pd.	261.00	300.00
Dom. of Can. Gen.	91.00	...
Empire Life, 25% pd.	6.25	7.50
Excelsior Life, 30% pd.	69.00	73.00
Federal Fire, 25% pd.	37.00	40.00
Fidelity of Can.	45.00	50.00
Great West Life	385.00	395.00
Guar. of N. A., fully pd.	245.00	...
Halifax Fire	22.50	23.50
Imperial Life	336.00	...
Manufacturers Life	255.00	261.00
Monarch Life, 10% pd.	17.75	19.50
National Life, 25% pd.	50.00	58.00
Sovereign Life, 25% pd.	14.75	17.00
Sun Life	430.00	450.00
Toronto General	4.75	5.25
Western Assurance Co.	36.50	38.50
Do., pfd.	39.00	41.00
Theatre Stocks:		
Allens Beach, pfd.	58.00	...
Do., Calgary, com.	7.25	9.00
Do., Kingston, pfd.	52.50	...
Do., Parkdale, pfd.	42.50	45.00
Do., Toronto, pfd. bon. c.	28.50	32.00
Loew's London, pfd.	1.95	2.20
Mansfield Theatre, pfd.	29.50	...
Para. Kitchener, pfd.	30.00	35.00
Do., Oshawa, pfd.	65.00	...
United Amusement, A	15.00	...
Do., B	14.00	...
Investment Trust Shares:		
Can. Gen. Invest.	8.25	8.45
Can. Investors	7.25	8.00
Can. Int. Tr. Units	35.50	...
Cons. Div. Std. Sec. Units	10.75	11.75
Debenture & Sec. pfd.	35.50	40.00
Dom. Scott. Inv. Units	27.00	30.00
For. Power Sec., pfd.	10.25	12.00
Invest. Found. Units	48.50	...
Sec. Holding Units	15.50	...
United Corpns., A	22.00	23.00
Do., B	8.00	8.50
Power Issues:		
Can. Light & Power, com.	20.50	24.00
Can. Pub. Service, pfd.	28.00	...
Can. West. Nat. Gas, pfd.	92.75	94.00
Do., com.	23.50	...
Great Lakes Pwr., pfd.	81.00	...
N. B. Telephone, com.	10.50	11.50
Nor. Ont. Power, pfd.	99.50	101.00
N. S. L&P pfd.	100.00	102.00

Recent London Quotations:

British Columbia Tele., pfd.	$105
Brewers & Distillers	5s. 4½d.
Canada Company	7s. 6d.
Canadian & Foreign Securities	4s.
Canadian Collieries, $1 c.	1½d.
Do., pref., $10	4½d.
Canada N. W. Land	10s.
Canadian Western Lumber	1s. 6d.
Third Can. Gen. Inv.	6s. 6d.
Hudson's Bay	20s. 9d.
Do., pref.	103s. 9d.

Winnipeg Stocks

(Transactions from Jan. 4 to Jan. 9)

	Sales	High for period	Low for period	Close Jan. 9
Beaver Lumb. c.	200	2½	2½	2½
Do., pref.	10	.67	.67	.67
Cres. Cream, p.	5	.30	.30	.30
Fed. Grain, pf.	30	.50½	.50½	.50½
Flin Flon	5,250	.30	.25	.30
Gold Lake	4,700	.27½	.25	.26
Island Lake	12,449	.05	.03½	.04½
Knee Lake	12,600	.10	.06½	.06½
Ore Grande	500	.07	.07	.07
United Grain	6	.12½	.12½	.12½
West. Breweries	1,275	2.10	1.90	2.10
Wingold	7,300	.08½	.08	.08½
Wendigo	1,000	.14	.14	.14
West. Emp. L.	15	3½	3½	3½
Wylie	5,100	.22	.20	.22

Stocks Not Traded in During Week*

	Bid	Ask.
Beaver Fire Ins.	..	100
City Dairy, A	..	10
Comm. Securities	8	10
Dom. Envelope, c.	1	2
Do., pref.	92	95
Home Investment	..	24
North. Trust	7	..
Pelissiers	..	½
Do., pref.	27½	..
Traders Bldg.	65	..

*Stocks more active on other exchanges not included.

Mining Dividends

	Rate	Close Jan. 13	Yield %
Anglo-Huronian	20c	4.40	..
Buff. Ankerite	20c	4.90	4.1
Bulolo Gold	2.60	34.60	7.6
Cariboo	10c	1.27	7.8
Coniagas†	12½c	3.05	..
Cons. Smelters	$1.25+$4	206.00	..
Dome Mines	$2+$2	45.50	8.8*
Falconbridge	30c	6.95	4.3
Hollinger	65c+25c	15.25	5.9*
Howey Gold	5c	.71	..
Hudson Bay	$1	24.75	4
Int. Coal & Coke‡	1c	.15	..
Inter. Mining	60+5	13.35	4.9*
Int. Nickel, c.	$1	45.75	2.2
Kirk. Lake‡	3c	.53	..
Lake Shore	$2+$2	53.62	7.4*
Macassa	15c	3.45	4.3
McIntyre	$2	45.12	4.4
McKinley Sec.	5c	.55	..
McWatters Gold†	5c	1.41	..
Mill City Pete.†	5c	.15	..
Nipissing	25c	2.75	..
Noranda	$2	46.00	4.3
Nor. Canada†	2c	.30	..
Premier	12c+1c	1.90	7*
Pioneer, B.C.	80c	11.20	7.1
Reno	12c+2c	1.15	12.1*
San Antonio	21c	3.35	6.3
Siscoe	20c+3c	3.32	7*
So. Amer. Gold	30c	5.00	6
Sunshine	50c	20.25	..
Sylvanite	20c	2.60	7.7
Teck-Hughes	40c	5.15	7.7
Toburn	8c	1.30	6.2
Wright-Har.	40c+20c	8.15	7.4*
Ymir Yankee†	2c	.44	..

‡Interim. †Initial. *Yield includes bonus.

Silver Prices

Trading in Montreal
Jan. 6 to Jan. 11

	High	Low	Close	Contracts
Jan.	47.75	46.25	47.30	4
Mar.	47.50	46.00	46.50	96
May	47.50	46.25	46.60	5
July	46.50	46.25	46.75	2
Sept.	46.95	46.25	46.75	3

Listed Bonds

Week Ending Jan. 13, 1936

	Int. rate	Due	High	Low	Range 1935-36 High	Low
Mtl. L. H. & P. Debs	3	'39	50½	50	50½	46
McNish	6	'48	3.60	..	4.00	3.25
Conv. Loan	4½	'58	107½	..	109½	107½
Unlisted:						
Cons. Paper	5½	'61	33	32½	33	12

Sixty-Seventh Annual Meeting of Shareholders of

The Royal Bank of Canada

Morris W. Wilson, President and Managing Director, Notes Distinct Gains in Business and Industry — Discusses Provincial Credit — Warns Against Debt Repudiation — Predicts Expansion in Mining and Foreign Trade

Sydney G. Dobson, General Manager, Outlines Bank's Progress — Reports $50,000,000 Increase in Deposits — Looks Forward to Continued Improvement in Business

"GREATER OPTIMISM THAN HAS BEEN POSSIBLE AT ANY TIME IN THE PAST SIX YEARS."

The Sixty-Seventh Annual General Meeting of the Shareholders was held at the Head Office in Montreal on Thursday, January 9th, at eleven o'clock a.m., Mr. Morris W. Wilson in the chair.

Mr. H. G. Hesler acted as Secretary of the Meeting and Hon. Gordon Scott and Mr. A. A. Aitken as Scrutineers.

The Directors' Report was read by the Secretary.

PRESIDENT'S ADDRESS

Mr. Morris W. Wilson, Chairman, in moving the adoption of the Directors' Report, said, in part:

INTRODUCTION

As we emerge from a long period of trial and hardship, it is at times a satisfaction to look back along the trail and review the difficulties that have been overcome. With what perspective we may now view the past, it would seem that no previous depression, and but few of the great wars in history, have occasioned such widespread suffering and have brought about such fundamental changes in government and in international relationship as has the depression of 1929-1935. Throughout this difficult period the people of Canada pursued a sane course; they kept their balance, they were not carried away by panic or despair. Courage and stability were their outstanding characteristics. As a people, we may look back upon the depression with justified pride in our record.

RECOVERY IN 1934 AND 1935

No one can make an impartial review of the accomplishments of the past two years in Canada without establishing a basis for optimism as to the immediate future. In every province of Canada the improvement in conditions has reduced unemployment and created increased purchasing power. To the farmers of the West there is an almost immeasurable difference between a price of 40 cents and a price of 90 cents for wheat. While large stocks of wheat in our elevators have been a burdensome financial load, yet there is every prospect that the world will need that wheat during the coming season, and that by the end of the crop year the carryover will be materially reduced. To farmers in all parts of the country the improvement in prices for potatoes, fruits and other farm products has brought substantial relief from the greatest difficulties of the depression. In the cities the burdens and distress due to unemployment have been reduced by an expansion in all lines of manufacturing; in fact, in recent months the volume of manufacturing has exceeded that in the normal base year 1926. With the recovery in the demand for automobiles there has been a heavy increase in the production of tires and gasoline. The chemical industry has expanded beyond the bounds of pre-depression days; demand for textiles and boots and shoes has been at record levels. The sustained activity in the mining industry during the depression and the expansion in that industry in 1934 and 1935 have been outstanding elements in Canadian recovery.

MINING

Among the first to look forward to that day when the mining industry would be of major importance to Canada was our Chairman, Sir Herbert Holt, who repeatedly predicted that in the future mining would become the great industry of Canada. In the ten years between 1886 and 1896 mineral production slowly increased in value from ten million dollars to twenty-two million. During the following twenty years progress was much more rapid and the value of production in 1916 was one hundred and seventy-seven million dollars; by 1926 the value of annual production amounted to two hundred and forty million. Until now, only in the single year 1929, has the value of production exceeded three hundred million, and in that year it amounted to three hundred and ten million dollars. Throughout the depression, activity in the mining industry was maintained at high levels. The payrolls of that industry provided generous wages at a time when many of those normally employed in other industries were out of work. Without the expenditures of the mining industry for supplies, machinery and other items, the depression in Canada would have been much more severe. In spite of the low prices for many minerals, and in spite of the low level of demand for building materials, the total value of mineral production in 1935 again amounted to more than three hundred million dollars. The value of gold production attained a new high record of one hundred and fifteen million dollars. In my own lifetime then, I have seen the total value of mineral production in Canada increase from ten million to three hundred million dollars a year, but, nevertheless, I am still of the opinion that the great period in Canadian mineral production is in the future.

THE FOREST INDUSTRIES

During the present depression, the logging and lumbering industry was among the first to experience major recovery. While demand from the British market was not entirely satisfactory during 1935, the industry is looking forward to the probability of renewed demand from Great Britain in 1936 and to the prospect of a reasonable volume of orders from the market of the United States as a result of the new treaty. I regard the prospects in this industry as encouraging.

NEWSPRINT

The situation in newsprint, our greatest manufacturing industry, continues unsatisfactory. Most mills are operating unprofitably. Were it not for the fact that production is currently higher than at any time since 1929—in fact it is establishing an all-time record—the situation would be thoroughly discouraging. With a continuation of the increased demand from the United States we can only hope that contracts for 1937 can be placed on more favorable terms.

RAILROADS

I regret to say that there has been no material improvement in the railroad situation since we last met. It is true that gross earnings are somewhat higher, but operating expenses have also increased. No real effort has been made to deal with the situation in a constructive way. Meantime, the weary taxpayer, who has to foot the enormous bill, is anxiously awaiting an indication of the policy of the Government in this connection. We must look to them to deal effectively with this national problem.

UNEMPLOYMENT

While employment has shown some improvement during the past year, unemployment is still a major problem. Relief expenditures constitute a threatening drain upon the resources of many local communities. While recognizing fully our social obligations I fear that these expenditures have not always been made with due regard to the public interest. The promised survey by the Dominion Government is awaited with great interest.

DEBTOR RELIEF

During the past few years a mass of so-called debtor relief legislation has been placed upon our statute books; all, of course, with good intentions and some of it justified by conditions as they then existed. Such legislation, while protecting the honest debtor, also provides a refuge for the one who cannot be so classified, and tends to weaken traditions of fair dealing between debtor and creditor. What is perhaps equally important, it effectually dams up the supply of loanable capital required to enable development to be resumed on a normal scale. I think the time has come when this type of legislation should be completely reviewed, with the object of returning, as far as possible, to normal conditions. Much of this legislation is of no real benefit to the present debtor and a very serious menace to the enterprising potential borrower.

SANCTITY OF CONTRACTS

What I have just said naturally brings up another subject which is the cause of grave concern to many who have the welfare of our country at heart. I refer to the repudiation last year by one of our great provinces of important long-term power contracts. The alleged ground was that of illegality, but it is noteworthy that disregarding all ordinary canons of British justice, the aggrieved parties —that is, thousands of people and institutions who have invested tens of millions of dollars in plant for the express purpose of producing the power to be delivered under the contracts in question—have been denied access to the courts to press their claims. Moral considerations aside—and these are not to be lightly disregarded—the policy of repudiating contracts that may have become burdensome because of changed conditions strikes at the very root of our social and economic life. Almost all the important relationships in life are based on the sanctity of contracts. Destroy that, and you have chaos. Stated in its lowest terms, moreover, repudiation does not pay. In the past we have made heavy sacrifices to build up and maintain our credit abroad. Unless some means can be found to remove the stain, this incident will be a permanent blot upon the fair name of our country.

PROVINCIAL FINANCES

The financial position of some of our provinces has been the subject of frequent discussions during recent months. Economic conditions in Western Canada, and abnormally heavy expenditures for relief resulting therefrom, have necessitated large advances from the Dominion Government. It was inevitable that sooner or later the question of control by the Federal Government over the finances of these provinces should be brought up, particularly in view of suggestions put forward that the Federal Government, by lending its credit, should assist in a general refunding of provincial debts so as to reduce the interest charge and thereby assist in balancing the budgets of these provinces. Such assistance by the Federal Government could only be justified if there were set up effective safeguards against excessive borrowings by provinces in the future, a matter that would seem to involve an amendment to our constitution. With due safeguards, however, I believe that some such plan would merit and receive the support of public opinion in Canada.

FOREIGN TRADE

THE OTTAWA AGREEMENT AND THE UNITED STATES TREATY

Seven-eighths of our total foreign trade in the past three years has been with the British Empire and the United States. For Canada the basic problems of foreign trade are found in these two contacts. It is a commentary on Canadian recognition of the importance of her relationship to the Empire and to the United States that it was Canadian initiative which was largely responsible for the two outstanding trade agreements of the present era.

The present upturn in business activity is associated with a rising demand for Canadian goods in Empire markets and in the markets of the United States. In the twelve months ending in November, 1935, Canadian exports to the Empire exceeded those of the same months of the previous two years by $25 million and $108 million respectively. Exports to the United States showed corresponding gains of $54 million and $100 million. In the years ending in November, 1933, 1934 and 1935, Canadian exports to the whole of the rest of the world amounted to $109 million, $97 million and $85 million respectively, a net loss of $24 million in the interval. These figures show that as yet Canada is not benefitting by any gains in general world buying power, but rather from the recovery which is under way in Great Britain and the United States. It would seem that Canada is indeed fortunate to have secured favorable trade agreements with her two best customers. While the agreement with the United States has been in effect but a few days, in view of the gain of $100 million over the past two years, optimism as to further gains in exports to the United States during 1936 is justified.

GREAT BRITAIN

With these trade agreements as a background it is clear that an estimate of business conditions in Great Britain and the United States will help in the appraisal of Canadian business prospects in 1936. While the broad upward movement in the early business revival in Great Britain has not lost all its impetus, its momentum is no longer spectacular. Month by month in 1935 new post-depression records were achieved, but the gains have become fractional. Thus, with total volume of production at levels which bear not unfavorable comparison with the peaks attained before the depression, it may be well to be conservative concerning further major improvements in Great Britain as long as European political conditions remain unsettled. In certain months during 1935 there were more people employed in Great Britain than at any time in the past, and the number of insured unemployed reached a low of 1,611,000 as compared with peak unemployment amounting to 2,455,000.

An additional impetus has recently been given to business through expenditure on new armaments, but some slackening in the general pace of improvement should no doubt be anticipated unless there is a substantial revival in world trade. Looking to the Empire as a whole, however, there is no reason to anticipate anything but further gains in trade so long as the Ottawa agreements are in force.

UNITED STATES

Except for the brief spurt in 1933, the return to recovery in the United States has been slow; physical volume of production in 1935 amounted to only about 80 per cent of the pre-depression level. Government expenditure helped to maintain the volume of demand for consumers' goods at high levels, but additional expenditures by the Government did not and could not offset the decline in expenditure by private industry upon durable goods. Recently, however, there have been indications that exceptionally low interest rates are beginning to have their normal effect. Investors are considering new undertakings and corporations are beginning to replace the machinery and even the buildings that have become obsolete during the depression. It would seem that recovery similar to that in Great Britain is now in its initial stages in the United States.

In addition to the normal forces making for recovery in the United States, the revaluation of gold and the subsequent huge imports of this metal have more than doubled the money base. This is a situation which, if left to develop along the lines of past experience, will produce in time a much higher level of prices than would otherwise have been considered normal. Clearly, this rise can only take place coincident with an abnormal increase in business volume. Situated as we are, developments in the United states affect us more directly than they do any other country and I feel that the recovery which we may anticipate to the south of us will be felt in a positive way in this country.

SUMMARY

I would not feel justified in closing my remarks without emphasizing that many serious problems still confront us. Our burden of debt is heavy and can only be relieved by increased production and a further rise in prices. Our taxes are excessive, largely the heritage of war and past extravagances. This burden will also be lightened by improving conditions, but we must steadfastly set our faces towards rigid economy in Government spending, federal, provincial and municipal, and not again allow ourselves to anticipate favorable future prospects to an unjustifiable extent, as we have undoubtedly done in the past. For example, we are supplied with railroads, canals and port facilities for double our present population.

But neither can I close on a pessimistic note. The Canadian people have faced—and I sincerely believe have conquered — the depression. At this stage we must not listen to the faint-hearted who have become frightened or discouraged by the trials of recent years. Those who now urge default, repudiation or compromise as a solution of our financial problem are false prophets who have not correctly read the signs of the times. The Canadian people are made of sterner stuff.

The upward trend in business would now seem to be definitely established. If we profit from our experience and carry on in the faith of our fathers in the destiny of this country we need not view the future with apprehension. In fact, I believe we may look forward to the coming year with a greater optimism than has been possible at any time in the past six years.

GENERAL MANAGER'S ADDRESS

Mr. S. G. Dobson, general manager, referred to the financial statement, in part, as follows:

The Sixty-Sixth Annual Report and Balance Sheet submitted today reflect continuance of the upturn of business which began in 1933, and which has progressed almost without interruption since that time. Totals under practically all headings are again higher, indicating the steady and continuous growth of the bank.

A year ago we reported an increase of $50,000,000 in deposits. This year we are able to report a further increase of over $50,000,000, or a total of over $100,000,000 in two years—an impressive amount. Deposits in Canada again increased in all provinces, savings deposits being up over $11,000,000. During the year we discontinued paying interest on certain accounts, principally at foreign branches, and this has resulted in the transfer of approximately $35,000,000 from the interest-bearing to non-interest-bearing category, thereby effecting a considerable saving in operating expenses. The total increase in non-interest-bearing accounts is $70,000,000.

Because of the continued lack of demand for commercial loans, the main outlet for investment of the additional deposits has been the purchase of Government and Municipal securities. As a consequence, assets under these headings have increased by $63,000,000 to $196,000,000. Regardless of the statements made from time to time by uninformed persons to the effect that banks are deliberately contracting loans, I state again that not only is this far from the truth, but that, on the contrary, banks are eager to make loans where such can be made with safety. Obviously, it is in our interests to obtain prevailing discount rates rather than be compelled to invest funds in low-yielding Government securities.

ASSETS UP $42,000,000

Total assets during the year increased $42,000,000, and are now $800,919,700, the highest point reached since 1931. Quick assets stand at $423,673,881, or 58.72 per cent of total liabilities to the public. Cash on hand and balances due by banks total $157,630,042, and Dominion and Provincial Government Bonds, $188,212,041. Several changes appear in the Balance Sheet due to the coming into operation of the Bank of Canada in March last. As gold in Canada was taken over by that bank under authority of Act of Parliament, our total under "Gold, and Coin on Hand" is much reduced. The heading "Dominion Notes on Hand" has been replaced by "Notes of" and "Deposits with Bank of Canada." The Bank of Canada having been constituted the depository for the cash reserves of the banks, surplus cash is now carried with that bank, as required by law. At this point, I might mention that not only did the Bank of Canada come into operation without the slightest hitch or inconvenience as far as the chartered banks were concerned, but it has continued so to function since its inception.

CHANGES DUE TO BANK ACT

The Item—"Deposits in the Central Gold Reserve"—disappears from the Balance Sheet. Formerly banks were permitted to issue circulation in excess of paid-up capital against gold deposited in the Central Gold Reserve. This privilege has been withdrawn, and the issue of circulation permitted during the past year has been limited to the amount of paid-up capital. In order not to exceed the legal limit, it has been necessary on occasions to pay out Bank of Canada notes instead of our own. The limit to which banks may issue circulation was reduced five per cent, beginning January 1st and will be further reduced annually until 1946, after which date it may not exceed 25 per cent of paid-up capital. A corresponding reduction will take place each year in the double liability now attached to bank shares.

Current Loans in Canada have increased by $300,000 and similar advances abroad by $2,573,809. While there has been a considerable improvement in business conditions, so far recovery has not increased appreciably the demand for bank accommodation.

As branches are closed from time to time, properties no longer occupied by the bank are transferred to "Real Estate other than Bank Premises." As a consequence the total under this heading shows an increase of $334,648. "Bank Premises," on the other hand, shows a decrease of $789,532. Of this reduction, $200,000 represents the regular appropriation shown in our Profit and Loss Statement. In addition to this write-off, the usual sinking fund appropriations of $500,000 have been made by our realty holding corporations, making a total write-off on Bank Premises Account during the year of $700,000.

Although recognizing the general advantages of lower interest rates in Government refunding operations and as a stimulus to business recovery generally, the existing situation presents a serious problem for banks and other financial institutions. Even with continued business recovery, I cannot foresee any immediate prospect of a substantial improvement in earnings so long as surplus cash reserves exert a depressing effect on interest rates.

BURDEN OF TAXATION

Taxes continue to be a heavy burden, and, as pointed out last year, for every $1.00 paid to shareholders, $0.67 is paid out in the form of Dominion, Provincial and Municipal taxes. No relief from this condition is in sight; on the contrary, the tendency is toward higher taxes all along the line.

It is generally recognized that in the past banks have extended many services to the public for which inadequate remuneration was received. While the cost of rendering these services weighed less heavily upon the actual earnings of branches during prosperous times, the situation has changed; consequently, we are giving study to methods of improving the income from business which heretofore has been done at a loss.

NEW APPOINTMENTS

Our senior Executive organization was recently enlarged by the appointment of three Assistant General Managers, namely, Burnham L. Mitchell, James Muir and Harold G. Hesler. Mr. Mitchell will continue to supervise Ontario business with headquarters in Toronto, and Mr. Muir and Mr. Hesler will, as heretofore, be attached to Head Office. All three are highly trained bankers of wide experience, who have spent their business lifetime in the service of the bank.

I should like on this occasion to record my deep appreciation of the splendid work performed by all members of the staff. Especially would I mention the full and hearty co-operation accorded me by the Assistant General Managers and other Executive officers during the year.

At the last annual meeting, I ventured the opinion that we had every justification for looking forward to improved conditions during 1935. This expectation has been realized perhaps to an even greater extent than we had hoped for at that time. The outlook is still favorable and, as I see it, there is no reason why we should not enter 1936 with a feeling of optimism.

BOARD OF DIRECTORS

Auditors were appointed and the following Directors re-elected for the ensuing year; Sir Herbert S. Holt, K.B., Morris W. Wilson, Hon. A. J. Brown, K.C., G. H. Duggan, C. S. Wilcox, A. E. Dyment, John T. Ross, W. H. McWilliams, Capt. Wm. Robinson, A. McTavish Campbell, Robert Adair, G. MacGregor Mitchell, R. T. Riley, Stephen Haas, W. H. Malkin, Julian C. Smith, G. Harrison Smith, W. F. Angus, Paul F. Sise, James McG. Stewart, K.C., J. S. Norris, Gordon W. MacDougall, Arthur B. Wood, Howard P. Robinson and Ray Lawson.

At a subsequent meeting of the Board of Directors, Sir Herbert S. Holt was re-elected Chairman of the Board, Morris W. Wilson, President and Managing Director and the Hon. A. J. Brown, K.C. and G. H. Duggan, Vice-Presidents for the ensuing year.

The Executive Committee of the Board was appointed, consisting of Sir Herbert S. Holt, Morris W. Wilson, Hon. A. J. Brown, K.C., G. H. Duggan and Julian C. Smith.

George Weston Foods Ltd. Acquires Five Bread Firms Throughout Great Britain

New Purchases Combined With Old Under Allied Bakeries

ANOTHER IN U. S.

New Plant Opens at Battle Creek in June — George Weston Earnings Reported Higher in 1935

George Weston Foods, Ltd., British affiliate of George Weston, Ltd., has bought five new bakery companies in England. Seven bakery companies, including two bakeries already owned, have been turned over to a new holding company, Allied Bakeries, Ltd., which is entirely owned by George Weston Foods, Ltd. George Weston, Ltd., holds 25 per cent of the stock of George Weston Foods and English, Canadian and United States interests hold the remaining 75 per cent.

Open Battle Creek Plant

George Weston, Ltd. has finally completed arrangements for another plant in the United States. It has bought from the receiver the plant and lands of Battle Creek Sanitarium Equipment Co., and should have them equipped for manufacturing in June. Fifteen acres of land go with the plant.

Weston Biscuit Co., Ltd., United States subsidiary, is now utilizing almost to capacity the new plant which it bought alongside the old in 1934. The plant at Battle Creek will take over the business which has been developed out of Chicago for biscuits made at Passaic. The Battle Creek plant will make the same lines. It will also take over the mail order business from the Pacific Coast and develop it more intensively. After June the Passaic plant will manufacture mainly for the New England States and Atlantic seaboard points. Business is reported to be good.

Profits of the British subsidiaries of George Weston Foods will not be shown in 1935 annual statement of George Weston. Subsidiary after subsidiary in the British Isles has been taken over, financed in part by sale of securities to the British public while George Weston Foods has provided money for the ordinary stocks. It may be a year or two at least before the plans of the group have been carried far enough to permit dividends on stock of George Weston Foods. It is considered likely that wherever there are surplus earnings these will be turned back to expand sales of subsidiaries.

Earned More in 1935

George Weston, Ltd., earned more in 1935 outside of England than it did in 1934. Earnings it is understood have been well maintained by every subsidiary in Canada and the United States. The profits total will be more than the $1.04 a share shown in 1934 as applied to the shares existing after the split of two for one.

Allied Bakeries, Ltd., has a total capital of £550,000. There are £275,000 of 5½ per cent cumulative preferred stock of £1 par value which sold to the general public for 21 shillings a share and £412,500 of ordinary shares of five shillings par value and which were sold to George Weston Foods for six shillings a share.

The directors of Allied Bakeries are as follows: Willard Garfield Weston, chairman of George Weston Foods, Ltd., and of Allied Bakeries, Ltd., and president George Weston Ltd.; James Calder, director George Weston Foods; Joseph Henry Merrett, chairman Merrett's, Ltd.; James Kimmond Smith, chairman Smith & Sons (Hawkhill) Ltd. Constant supervision of subsidiaries and correlation of their efforts rest mainly with Messrs. Weston and Calder.

All Do Good Business

All these bakeries are long-established, British advices state. They are being run by the same interests as before in most cases. Allied Bakeries supplies the central management with chief responsibility for operations resting in each company itself. More than 70 stores have been taken over with these companies.

Robert Wilson, Ltd., founded in Glossop in 1845, now owns modern, well-equipped bakeries at Ashton-under-Lyne, Hyde, New Mills, Glossop and Blackpool as well as a new cake bakery at Ashton-under-Lyne. These plants serve the industrial districts of Cheshire, Derbyshire, Lancashire and Yorkshire with 58 motor and other delivery vans.

Hunters The Bakers, Ltd., which started in 1919 with a few horse vans to sell its bakery products to Tyneside shops, now has 140 motor and horse vans serving the whole of the Tyne, Wear, Tees and northeast areas from Alnwick to Catterick and Thirsk. It has distributing depots at West Hartlepool, North and South Shields and Sunderland. It has enlarged the bakery at Gateshead. It has a second bakery erected at Stockton-on-Tees in 1930.

J. Miller Ltd., which started in London in 1887 with one shop, now has 50 branch shops in S.E., E., N., and N.E. London served by a large central bakery with a large line of cakes and confectionery. The business is said to be much the largest of its kind.

Merrett's, Ltd., which started in Cardiff with one small shop and bakery in 1886, now serves from one large bakery the whole United Kingdom with a dog biscuit known as "Rayrusks." Through another plant several shops and 34 sales vans, it distributes Merrett's bread and confectionery products to shops as well as from door to door.

S. Bradford & Sons, Ltd., Birmingham, acquisition of which has already been reported by The Financial Post, was founded in 1847. It has an extensive connection with grocery and other shops and serves 22 routes with its vans.

J. Stott, which started in 1928 by the acquiring of two old-established bakery shops in Clapham, now serves 2,000 customers weekly from these shops. In 1933 the business was enlarged by buying two shops and two bakeries of T. E. Turner & Sons, of Kingston-on-Thames. Sales are effected through the well located shops and also by six vehicle deliveries from door to door.

Smith & Sons (Hawkhill) Ltd., which was established in 1876, supplies Edinburgh and vicinity with bread, cakes and confectionery from its central bakery in Leith. The company owns 15 shops and other shops and consumers are supplied by 17 vans. Snacks and meals are served at some of the shops and there is also a catering department.

National Grocers Increases Volume

National Grocers Co. experienced an increase in dollar volume in 1935 over 1934, according to information supplied to Canadian Grocer by Archie Foster, president of the company.

The gain is attributed to general business improvement. Chief gains were in rural centres, due to increased farm buying power. Mr. Foster incidentally does not see anything on the immediate horizon to retard the gradual improvement.

The company's financial year closes March 31 next. In the last report, earnings were shown at more than twice preferred dividend requirements of $7 a share. Hereafter the company will have to devote $100,000 a year to meeting serial maturities of new four per cent bonds issued late in 1935.

Hence, this will have to come from revenue available for preferred dividends. No payment on arrears of dividends, which total $35 a share, has been made since May 1, 1935.

KOOTENAY POWER LAUNCHES PLANS TO RAISE OUTPUT

Start Work This Year on Dam Site on Pend Oreille River

From Our Own Correspondent

MONTREAL. — West Kootenay Power and Light Co. will proceed this year with the preliminary work on the Pend Oreille Hydro-electric scheme in southeastern British Columbia, according to an official announcement.

The programme for this year calls for the removal of the over-burden on the dam site chosen for the development on the Pend Oreille River, a short distance from its junction with the Columbia. Before the depression stopped the previous development work, the company had conducted extensive boring to discover a suitable site for a dam which would impound the water of the Pend Oreille. The site has been determined but at this point bed rock, on which the dam must be built, is hidden under a heavy layer of earth and gravel which must be removed.

Meet Smelters' Needs

The Pend Oreille development is planned largely to supply the power which Consolidated Mining and Smelting Co. will need as it expands its present operations.

Working closely with the Smelter company, its parent, West Kootenay Power has always managed to keep the power supply ahead of requirements at the Trail plant. It has harnessed virtually all the power east of the Kootenay River and now has to move further afield to develop the Pend Oreille.

Eventually the company hopes to secure nearly 200,000 h.p. from the new plant which will be one of the largest in the province.

Electrolux Stock Listed on Montreal Stock Market

From Our Own Correspondent

MONTREAL.—Common shares of Electrolux Corp. have been called for trading on the Montreal Stock Exchange. The company has but one class of authorized stock consisting of 1,237,500 shares of $1 par value each, issued and outstanding. There is no funded debt.

Electrolux Corp. owns Electrolux Inc. which manufactures and sells electric cleaners. At present the income of the parent company is derived from its subsidiary in the form of dividends on stock and interest on notes and royalties.

N. B. Power 5 p.c. Bonds Called for Sinking Fund

MONTREAL. — New Brunswick Power Co. has called for tenders on 5 per cent first mortgage bonds up to $11,936 in order to comply with sinking fund requirements.

At the end of 1934 the company had outstanding $1,689,000 of the first mortgage bonds, which mature March 1, 1937.

Montreal Curb Market Lists B. C. Packers' Stock

From Our Own Correspondent

MONTREAL. — Montreal Curb Market announces the listing of 126,279 new no par value common shares of B.C. Packers Ltd.

The shares were created as a result of a reorganization whereby they were issued in exchange for old preferred and common stock.

Will Auction Off Control Dominion Square Building

From Our Own Correspondent

MONTREAL. — All capital stock and the greater proportion of the series B general mortgage bonds of Dominion Square Corp. will be put up for auction in Toronto on February 10 next.

Particulars of the securities to be auctioned follows:

10,000 seven per cent cumulative preferred shares of a par value of $100 each, being all the authorized preferred shares in the corporation;

49,992 no par value common shares, being all the authorized common shares of the corporation except eight shares; and $1,481,000, 6½ per cent general mortgage bonds, Class B, with all coupons attached from and including December 1, 1929, excepting on $100,000 of such bonds to which coupons are attached from and including June 1, 1935.

Control With Ownership

These securities are reported to be the property of the Dominion Bank, which made advances to Messrs. Leon, Low and Burns, who were the original owners of the building.

Shortly after the Dominion Square Bldg. was completed, the company found difficulty in meeting interest on its first mortgage bonds. The coupon due on October 1, 1932, was not paid when due, but payment was made within the grace period. The coupon due April 1, 1933, was paid October 1, 1934; the coupon due October 1, 1933 on July 2, 1935, but later coupons are still in arrears.

Two New Features

To the Investor's Service supplied by The Financial Post Corporation Service now are added these two new and valuable features:

1 The weekly **Dividend Record and INVESTOR'S DIARY.** This is a cumulative record of dividend announcements of Canadian public companies. It gives also a record of ex-dividends, redemptions and meetings.

2 A supply of **Investor's Record Cards.** These enable the investor to keep a systematic record of his securities, their net cost, subsequent transactions and the brokers concerned. Space also is provided for keeping a record of dividend and interest payments.

The Investor's Service

. . . solves the individual investor's problem of how to keep constantly in touch with his present or contemplated investments.

The service gives detailed analyses and a news service on Canadian companies in which there is a public investment interest—industrials, public utilities, mines, oils, banks, trust and loan companies, investment trusts, etc.

Full Information on Securities

Each analysis is in convenient form and thoroughly covers the points one is constantly seeking when investigating a security. The news service keeps these points up-to-the-minute and supplies additional information such as monthly and quarterly earnings, production reports, progress reports and all other announcements covering current operations.

Many investors are using the Investor's Service, thus benefitting from the investigations and research of The Financial Post Corporation Service. Write today and secure a service on the companies in which you are interested.

$5 a year for 4 companies — $12 for 10 companies

Additional companies $1.20 each

THE FINANCIAL POST CORPORATION SERVICE

481 University Avenue, Toronto

Marbuan Sale To B. Ankerite Moving Ahead

Details of Proposal Are Given in Full, Prior to Meeting

The long-mooted proposal whereby Buffalo Ankerite Gold Mines would acquire the neighboring property of Marbuan Gold Mines advanced another step with the summoning of Marbuan shareholders to a meeting in Toronto on January 22 to discuss the proposal.

Details of the purchase are contained in notices recently mailed to shareholders of both companies. By it, shareholders in Marbuan would receive one share of Buffalo Ankerite for every six shares of Marbuan held.

The proposal was investigated by Douglas Wright and R. W. Brigstocke, consulting engineers, who recommend that joint operation of the two Porcupine properties would be economical and mutually beneficial.

Assets $533,987

On the basis of the minimum valuation placed by these two engineers on the physical assets of Marbuan together with its other assets and its liabilities as of Nov. 30, 1935, the net worth of the assets being sold the company works out to $533,987.

Physical assets are set at $571,762. Current assets at that date were $27,951. Deferred assets totalled $6,418.

On the liability side, the open account which Marbuan maintains with Buffalo Ankerite is shown at $24,584. Other accounts payable totalled $22,560, which with the mortgage of $25,000 held by Buffalo Ankerite brings total liabilities to $72,144.

Capitalization

The authorized capitalization of both companies is one million shares, $1 par value, of which Buffalo Ankerite has outstanding 578,207 shares, and Marbuan 840,829. On the basis of one share for six, the total shares to be issued for Marbuan assets would be 140,138.

But as Buffalo Ankerite is already the owner of 100,000 shares of Marbuan acquired at different periods at prices averaging 54 cents per share, the total number of new shares to be issued to the remaining Marbuan shareholders will be only 701,679.

By computing the value of the Buffalo Ankerite shares going to Marbuan shareholders on the one for six basis, the value per share is about $3.89.

J.-M. CONSOLIDAT'D CLOSES CONTRACT FOR 100-TON MILL

Report Satisfactory Result from Development on 500 ft.

J.-M. Consolidated Gold Mines, developing a gold prospect at Woman Lake in the Patricia district of Ontario, has signed a contract with Canadian Allis-Chalmers Ltd. through Messrs. Burnham and Shoemaker, consulting engineers, for the purchase and erection of a 100-ton mill, T. J. Day, secretary-treasurer, reports.

Officials expect that all the equipment will be shipped into the property over winter roads. The assembling and erection of the mill will be completed with all possible speed, with a view to bringing the property into production at as early a date as possible.

Financing Arranged

Mr. Day confirms the report, published some weeks ago in The Post, that financial arrangements have been completed with Kirkland Hudson Bay Gold Mine for financing, sufficient, in the opinion of directors, to cover the cost of the mill, installation and mine development beyond the production stage.

The secretary-treasurer points out in this connection that there is no commission or bonus payable to anyone, all money going directly into the treasury of J.-M. Consolidated.

To Alter Board

Development on the new 500-ft. level is proceeding on schedule with satisfactory results. Arrangements are being made whereby Kirkland Hudson Bay Gold Mine will have representation on the board of J.-M. Consolidated Gold Mine.

SISCOE GOLD WINS LAWSUIT

Bijakowski Loses Action for Difference in Stock Values

From Our Own Correspondent

MONTREAL.—Felix Bijakowski's claim for $6,000, representing the difference in market fluctuation of stock of Siscoe Gold Mines involved in transfer, has been rejected by the Montreal Superior Court.

By judgment of the Superior Court on April 29, 1933, the mining company was condemned to return to Bijakowski within 15 days from date of judgment, 30,000 shares of Siscoe Gold Mines, plus dividends paid since January 31, 1927. In the event of the company's refusal to return the shares, the judgment ordered the company to pay the market price on April 28, 1933, namely, $1.58 a share, plus the accumulated dividends amounting to $4,200, making a total of $51,600.

The judgment was appealed to higher courts and the stock which should have been delivered to Bijakowski on or before May 14, 1933, was not delivered until January 4, 1935, after the judgment of the Supreme Court of Canada.

Bijakowski established that in August, 1934, the price of Siscoe stock rose to $2.88 a share and that on January 4, 1935, date of delivery of the shares, the price had fallen to $2.65 a share. He claimed the difference of 20 cents a share, which amounted to $6,000.

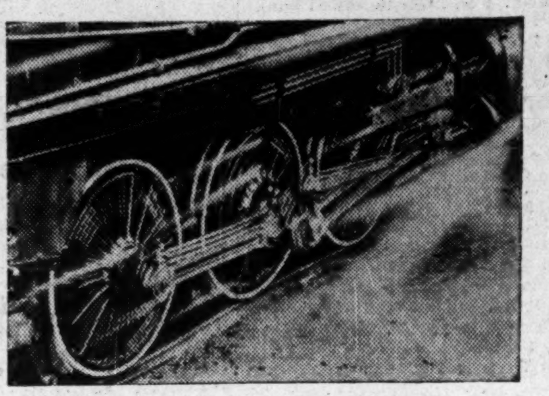
In refusing the claim, the court pointed out that there was no evidence that the plaintiff would have sold his shares in August, 1934.

Keeping the Wheels Moving

IT TAKES freight to keep the wheels of a vast railway network moving.

To the mining industry must go the credit for being the most rapidly growing source of freight in Canada.

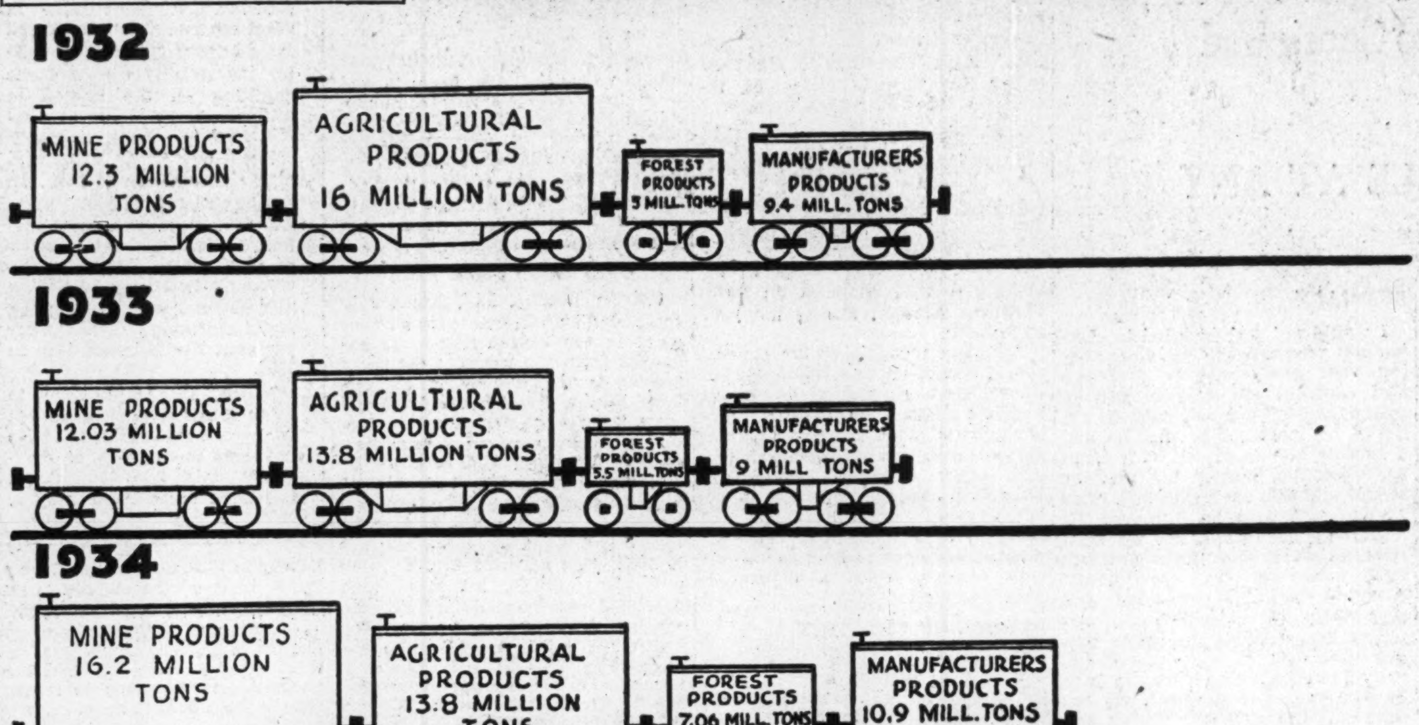
During the past three years, the freight tonnage classified as mine products has nearly doubled.



AT a time when revenues from other sources have stood still, increased comparatively slowly, or actually decreased, the mines of this country have supplied the railways with more and more tonnage.

The graphs below illustrate, in striking fashion, the truth of these statements.

The mining industry has been the railways' loyal friend.



Here is What the Mines Have Meant to the Railways

In 1935, Canadian mining companies paid a grand total of $12,048,905 direct to Canadian railway companies for freight and express.

The mines supplied the railways with nearly one third of their total revenue freight tonnage.

This tonnage has grown from 12 million tons in 1933 to 22.8 million tons in 1935, an increase of 90 per cent.

Figures are unavailable as to how much money was spent by engineers, prospectors and other mining men in visiting Canada's far-flung mining camps, but it must amount to many thousands of dollars.

In addition to these revenues, other commercial concerns dependent on the mines for their business paid many millions to the railways for supplies and commodities to sell the mining industry.

These revenues came during years when Canada's railroads sorely needed paying business.

The Canadian mining industry has, surely, done its part to keep the wheels of Canada's railways moving.

Week In Mining

Junior Golds Get Limelight Silver Policy Termed Failure

In the January market boomlet it is noticeable that the junior gold stocks are being pushed to the fore while the senior golds, in many cases, do little more than hold their own.

The reason for this development lies in the fact that there are today an unusually large number of young producers and developing properties of definite and undeniable promise.

Some of these are shortly to be in production and others, while in production for a year or so, have been of late shaping up in an encouraging manner.

The nation-wide hunt for gold which followed higher prices has had its disappointments and its charlatans. It was inevitable that eventually, however, some healthy new producers would be found in this intensive search.

The market today, reflects, to a large degree, the stimulus which these new concerns are giving Canadian mining.

Today's market is, in one sense, the first fruit of $35 gold.

Inflated Prices

THERE are, of course, exceptions. In any rising market there are many stocks which merely ride along on the wave of rising prices, with the result that in some cases the market is ahead of the mine.

It is a fairly easy matter to detect such stocks, however, as the product of the number of shares outstanding by the market price per share gives the valuation which the market is putting on the property.

In today's markets, there are some properties which have been given an exaggerated valuation by the public, particularly among the junior golds.

In a few cases, such stocks are in the unlisted section.

To say that the market is exaggerating the position of the mine casts no reflection on the property itself. It is the market which is at fault; not the property.

* * *

Gold Output Mounts

APROPOS the comment made last week in this column, to the effect that there appeared to be little cause for alarm in the fact that Canada's output of gold has not been rising more rapidly, the 11 month production figures from Ottawa are of interest.

These figures show that the production of gold in Canada in the first 11 months of 1935 was 9.7 per cent higher than in the 11 month period of 1934.

It is a fairly safe conjecture that, with many companies making new production highs in December, the percentage increase in the 12 month period will be even higher.

* * *

Silver Debacle

HANDY & HARMAN, famed New York bullion dealers in their 20th annual review of the silver market, call the attempt to bring wider monetary use of silver, which was such a feature of the 1935 metal year, a "complete failure."

Keynote of the attack on the United States policy in regard to this metal is the fact that, in administering the Silver Purchase Act, Washington has had less regard for the "public interest," stressed in the act, than for the "silver interests which are seeking $1.29 per ounce."

Admitting that if the United States withdrew its support entirely from the world silver market, the result would be disastrous, Handy & Harman urge that Washington gradually relinquish its domination of the world market, with the ultimate objective of allowing the law of supply and demand to operate freely.

The recent action, or rather lack of action on the part of the United States treasury gives ground for believing that that is just what it is trying to do.

* * *

Board and Tobacco

THE Supreme Court of Ontario has ruled that an engineer in Canada is entitled to more than his board and tobacco in return for his services.

In a case tried in Toronto recently, in which mining men were much interested, the court, under Mr. Justice McTague, ruled that J. Biltcrijst, a Belgian mining engineer, was entitled, for services rendered R. C. Gamble, Toronto broker, to the sum of $1,100 less sundry advances of about $485, and plus court costs.

In his defence, Mr. Gamble claimed that the plaintiff was entitled to only his board, tobacco, laundry, and travelling expenses, in connection with a survey claimed to have been made.

The court, to the great relief of most mining engineers, ruled otherwise.

* * *

Index to Mining Stocks

THE general index number for twenty-three mining stocks advanced on heavy turnover from 133.1 for the week of Jan. 2 to 135.4 for the week of Jan. 9. For the week of Jan. 10, 1935, the index was 129.8.

Third Nickel Group Lets Options Lapse

From Our Own Correspondent

SUDBURY.—Prospects of a third nickel company entering the Sudbury field are not particularly bright at present.

Options which were taken on several groups of nickel lands last summer, through an intermediary and presumably for the British Nickel Corp., have been allowed to lapse, and as far as known nothing is being done to complete the deals.

A number of Sudbury residents, owners of property located on the nickel range, were concerned in the proposals. There were no cash deposits made on the options.

ARNTFIELD PLANS TO BOOST TONNAGE AT COST OF $25,000

The mill at Arntfield Gold Mines which started production on July 26, 1935, treated an average of 170 tons daily in December. The company estimates bullion production for the month at $36,500 compared with $35,762 in November. Arntfield is planning an increase in milling rate this year, and it is stated that an expenditure of about $25,000 would provide a milling rate of 300 tons per day.

In the meantime, diamond drilling is under way in preparation for deepening the shaft and opening two more levels, and actual shaft sinking is now under way.

Ore Reserves Rising

During the past five months, the company has spent about $12,000 on development work. Only about one-half of the ore being broken is milled, and broken ore reserves are therefore being built up rapidly, the company reports.

The option on 25,000 shares at 70 cents to Jan. 2, 1936, has been extended to Jan. 2, 1939. The option on 5,000 shares at 70 cents to Jan. 2, 1936, has been exercised to the extent of 1,000 shares and the balance extended to Jan. 2, 1937.

Three More Mines Seek to Register With Washington

Three Canadian mining concerns are seeking registration with the Security and Exchange Commission at Washington, that body reports.

Vimy Gold and Metals Ltd., of Montreal, has filed a registration statement covering 819,993 shares no par value common stock to be offered as follows: 100,000 shares at 40 cents; 100,000 shares at 50 cents; 100,000 shares at 60 cents; 100,000 shares at 70 cents; 100,000 shares at 80 cents; and 319,993 shares at $1.

Arthur E. Noble, of Montreal, is president of the corporation.

El Callao Mining Co., of Toronto, has filed a registration statement covering two million shares, $1 par value preference shares to be offered at par. Russell Palmer, of London, England, is president.

Newman Dick Mining and Development Co., of Kirkland Lake, Ont., filed a registration statement covering two million $1 par value certificates of interest to be offered at par. Eugene S. Beinois, of Syracuse, N.Y., is the principal underwriter, and Andrew Gauthier, of Kirkland Lake, is president.

VARYING FORTUNES OF CEN. MANITOBA ARE AGAIN SHOWN

Price of Shares Appreciates 5 Times in 3 Months

From Our Own Correspondent

WINNIPEG. — Central Manitoba Mines holds the spotlight of interest in the Manitoba mining field at the present time. Central Manitoba was the first consistent gold producer in the province. It has been a consistent producer from the day the mill first turned over but during the last four or five years of its life has been living from hand to mouth. Sometimes it had one month's ore ahead and a visible supply for six months was considered quite good.

Several times closing it down has been mooted. It has been expected and so far as the stock market was concerned, anticipated on more than one occasion. Three months ago its stock sold at 3 cents. Recently it sold between 16 and 18 cents. Just a year ago its span of life appeared to be less than six months and the directors sent in only sufficient supplies to carry the mine over the break up period or in other words for just about as long a time as the then ore would serve to feed the mill.

In the meantime, with fairly large cash resources the directors under the chairmanship of William Hurst explored every possible avenue for further ore supplies. Geologists and engineers were brought in and left with nothing very encouraging to report.

"So long as we have a ton of ore we are going to operate." That was "Bill" Hurst's motto. And all of a sudden J. Curtis Houston, mine manager broke into ore almost simultaneously on the east end of the property and also in lateral extensions from the Kitchener shaft. October recovery was good. November would have been as good except for a shut down on the east end or Hope property caused by getting too close to the roof beneath a muskeg. December figures have not been made public but are around the $50,000 mark which gives a gross of approximately 50 per cent.

In the Kitchener ore was found to the south when a raise was put up from the 375-ft. level, On the Hope, it is reported an ore body of undetermined depth has been found of a known length of nearly 800 ft. of continuous ore four feet wide and running about a half ounce grade.

At the Mines

Gold Belt Mining Co.—Reports to the Toronto Stock Exchange that the option installments due for Jan., Feb., March, April, May, June and July, 1936, have already been taken up.

The company is developing a gold prospect joining Reno Gold Mines in the Sheep Creek area, B.C.

The options have been given to North American Mines Inc., and cover a total of one million shares involving an expenditure of $217,000 if completely exercised, records indicate.

* * *

Hudson - Patricia Gold Mines—Colin Campbell, member for Frontenac-Addington, and A. J. H. St. Denis, Montreal, have been added to the board of directors, it is officially announced.

* * *

Island Mountain Mine—Last year's total production was 17,440 ounces of fine gold worth $610,978. Average heads were .574 an oz. or $20.13 a ton. December production was 1,868 ounces, the highest for the year.

* * *

Little Long Lac Gold Mines—Estimates December production at $123,000, which is a new high record as compared with $102,000 in 27 days of November.

Tonnage treated during the month was 5,840 tons. The company is planning to deepen its shaft to 700 ft. and open up two more levels.

* * *

McIntyre Porcupine — Incorporated Investors, U. S. investment trust, sold all its 9,000 shares of McIntyre Porcupine Mines in the quarter ended Dec. 31, 1935.

* * *

Meridian Mining Co. — Meridian Mining Co. recovered 602 ounces gold in December from 3,700 tons milled. This brings total recovery since March when milling was started to 5,866 ounces with an average recovery of $5.64 per ton.

The mine has since been closed down temporarily owing to a miners' demand for fifty cents a day increase in wages.

N. C. URQUHART & CO.
STOCK BROKERS
Members Toronto Stock Exchange
15 King Street West Toronto, Ont.
ADel. 6028

CREDITORS TO GIVE DIANA GOLD MINES FURTHER CHANCE

From Our Own Correspondent

WINNIPEG. — Another phase of the somewhat chequered career of Diana Gold Mines, formerly Gem Lake, has commenced.

About nine months ago the company found itself in difficulties, with outstanding trade obligations of around $65,000 which included in addition to supplies, freighting costs, etc., a 100-ton ball mill.

Since then it is reported about $10,000 has been paid on account but roughly a similar amount of debt has been contracted elsewhere. Recently creditors met and voted a further three months extension. During the past month the property has been examined by various geologists and engineers with fairly contradictory reports.

Meet January Payroll

In any event Diana is to be given another chance. December bullion production is sufficient to carry the payroll well into January. The new 100-ton ball mill is set up and lacks only a piece of shafting, now at the property, to be able to be put into operation.

No official information has been given out by the committee, but H. P. Fay, who has been personally superintending operations, was in Winnipeg for the meeting. Charles Richardson, who placed the mine in operation after its long shut down is at the property and may possibly remain, if conditions are such that the property can be given a chance.

Sufficient fuel is on hand to carry the boiler along for some months and if conditions are satisfactory around March, a gang of wood cutters will again be sent in.

In the meantime an effort will be made to get sufficiently ahead to cut in the new mill without calling on the present creditors for additional help.

NORTHERN CANADA MINING CORPORATION, LIMITED
Invests in Canadian Mines and Mining Properties
68 King St. East, Toronto, Can.

Investors' Chronicle
6d Established 1860 6d
Has the Largest Net Sales of any Weekly Financial Newspaper in Great Britain
OVERSEAS FINANCE
Special Correspondents in all Financial Centres
A free specimen copy will be forwarded on post card application to:
THE PUBLISHER, INVESTORS' CHRONICLE, 20, BISHOPSGATE, LONDON E.C. 2, ENG.

THE BANK OF TORONTO

Eightieth Annual General Report

30th November, 1935

PROFIT AND LOSS ACCOUNT

Profits for the year ending 30th November, 1935, after providing for			
Dominion and Provincial Taxes	$232,743.10		
Staff Pension Fund	80,000.00		
and making appropriations to contingent accounts, out of which accounts full provision for bad and doubtful debts has been made		$	806,391.87
Written off Bank Premises			100,000.00
			706,391.87
Dividends at the rate of 10% per annum			600,000.00
Balance of Profits carried forward			106,391.87
Profit and Loss Balance 30th November, 1934			737,173.32
Profit and Loss Balance 30th November, 1935			843,565.19

GENERAL STATEMENT, *(30th November, 1935)*

LIABILITIES

Notes in Circulation		$ 5,279,985.00
Deposits by and balances due to Dominion Government	$ 1,690,691.83	
Deposits by and balances due to Provincial Governments	1,334,326.62	
Deposits by the public not bearing interest	18,605,875.16	
Deposits by the public bearing interest, including interest accrued to date of statement	79,634,586.24	
		101,265,479.85
Deposits by and balances due to other chartered banks in Canada	1,343,754.99	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and Foreign Countries	1,457,671.71	
		2,801,426.70
Bills payable		174,518.75
Acceptances and Letters of Credit outstanding		1,401,881.80
		110,923,292.10
Capital paid up	6,000,000.00	
Rest	9,000,000.00	
Dividends declared and unpaid	152,068.12	
Balance of profits as per Profit and Loss Account	843,565.19	
		15,995,633.31
		$126,918,925.41

ASSETS

Gold held in Canada	$ 490.05	
Subsidiary coin held in Canada	203,953.54	
Notes of Bank of Canada	1,451,980.00	
Deposits with Bank of Canada	9,161,131.86	
Notes of other chartered banks	347,660.00	
Government and bank notes other than Canadian	50,623.48	
Cheques on other banks	6,169,996.02	
Due by banks and banking correspondents elsewhere than in Canada	2,842,377.84	
		$20,228,212.79
Dominion and Provincial Government direct and guaranteed Securities maturing within two years, not exceeding market value	7,056,708.83	
Other Dominion and Provincial Government direct and guaranted Securities, not exceeding market value	33,693,736.74	
Canadian Municipal Securities, not exceeding market value	5,296,875.72	
Public Securities other than Canadian, not exceeding market value	37,554.32	
Other Bonds, Debentures and Stocks, not exceeding market value	1,857,308.60	
	47,942,184.21	
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover	3,329,505.00	
		51,271,689.21
		71,499,902.00
Current Loans and Discounts in Canada, not otherwise included, estimated loss provided for	45,047,640.71	
Loans to cities, towns, municipalities and school districts	4,813,725.11	
Non-Current Loans, estimated loss provided for	261,952.56	
		50,123,318.38
		121,623,220.38
Liabilities of Customers under acceptances and Letters of Credit, as per contra		1,401,881.80
Mortgages on Real Estate sold by the Bank		47,814.34
Bank Premises, at not more than cost, less amounts written off		3,510,975.01
Deposit with the Minister of Finance for the security of the note circulation		335,033.88
		$126,918,925.41

JOHN R. LAMB, *President*

HARVEY B. HENWOOD, *General Manager*

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of The Bank of Toronto:

We have examined the books and accounts of The Bank of Toronto at its Head Office and have been furnished with certified returns from the branches, and report that the above statement of liabilities and assets as at the 30th November, 1935, is in accordance therewith, and in our opinion discloses the true condition of the Bank. We have verified the cash and the securities representing the Bank's investments held at the Head Office at the close of the Bank's fiscal year, and during the year we counted the cash and examined the securities at certain of the important branches. We have received all the information and explanations we have required, and all transactions of the Bank which have come under our notice have, in our opinion, been within the powers of the Bank.

D. McK. McClelland, F.C.A., *of Price, Waterhouse & Co.*

A. B. Shepherd, F.C.A., *of Peat, Marwick, Mitchell & Co.*

Toronto, 20th December, 1935

'35 Dividends Of B. C. Mines $7.5 Millions

Placer Work in Cariboo Indicates Success For New Method

AUSTRALIAN METHOD

From Our Own Correspondent

VANCOUVER.—British Columbia mining companies paid a total of approximately $75 millions in dividends last year, as compared with $6,167,000 in 1934, according to official figures just issued. This represents the amount actually paid, and does not take into account some $600,000 authorized to be paid during the coming year.

Most of the dividends were from gold producers. December operations resulted in increased production in the Bridge River and other gold fields of the province. In addition to the $167,000 output of Bralorne, which brought that company's total for the year to $1,648,010, Reno had a record month with $77,606. Pioneer is expected to show a figure in excess of November's.

Owing to the fact that it was engaged in extensive underground development during December, Sheep Creek's production was not quite so large, the total value for the month being $40,000. Dentonia, on the other hand, ran about $14,000 in excess of the November total, with production rated at $44,800 after deducting freight and smelter charges.

Placer Work Producing

In the Cariboo district the most spectacular report on production came from Consolidated Gold Alluvials, which is applying its new Australian method of combatting "slum" with apparent success. Value of production was regarded as approximately double that of November. Experts believe that the new system may ultimately lead to recovery of $2,000,000 in gold annually from the old Cariboo placer beds.

The mining industry enters upon 1936 in an optimistic frame of mind. One of the interesting features of the year's developments will be the mining at depth at Pioneer mine in the Bridge River district. Ore will be taken from Pioneer at a depth of 3,100 ft., which is much lower than any operations have hitherto reached in British Columbia. Importance of these operations lies in the fact that they may disprove the old theory that values occur at comparatively shallow depth in B.C.

BOUSQUET MILL MAY BE READY END OF MARCH

Estimate Ore Reserves at 20,945 Tons Grade $18.45

From Our Own Correspondent

SUDBURY.—The proposed new 50-ton mill of Bousquet Gold Mines, in the West River area, will be ready for operation by the end of March, according to present plans, it is learned here. Excavation for the new building is to be started almost immediately, and resumption of mining will be effected in February in preparation for production.

Finances have been guaranteed, it is stated, by the loan of $50,000, without interest. The loan will be repaid out of earnings. When all provisions of the agreement have been met a total of 500,000 shares of treasury stock will be allotted to the lender for the financing and other services. When completed, the company will still retain 500,000 shares in the treasury out of a 3,000,000-share capital.

Ore reserves from the surface to a point midway between the second and third levels are estimated at 20,945 tons averaging $18.45 per ton with gold at $35 per ounce. Depth possibilities are provided for by stipulation calling for 5,000 ft. of diamond drilling to be completed from the third level to a depth of 900 ft.

PHOENIX MOLYBDENITE ADDS TO ORE PICTURE

Drilling and Underground Work Meets With Success, Officials State

Drilling from the open pit, and lateral work at the property of Phoenix Molybdenite Corp., which is developing a molybdenite property of 200 acres some eight miles south of Renfrew, Ont., has materially enlarged the ore outlook, according to a report issued over the signature of W. G. Chipp, secretary.

Since September 21 last, 14-ft. drills sunk in a westerly direction in the open pit have brought out a good quality of ore, confirming the company's belief that the ore body in the open pit at the surface has at least a width of 50 ft.

Heavy Overburden

Heavy overburden is making a further estimate impractical. Considerable success has attended development work on the 100-ft. level aimed at establishing the extent of this downward extension from the open pit. Here the ore body has widened out to over 40 ft. and establishes the existence of a substantial body of ore, the company states. Further details will be issued after a detailed examination has been made.

Main Drift Enlarged

The main drift has been extended north to a distance of 246 ft. A westerly crosscut at the end of the north drift encountered an ore-bearing zone 100 ft. in length.

The main drift has also been extended 75 ft. south of the shaft, encountering numerous stringers of molybdenite carrying good milling ore.

Bidgood Kirkland Gold—Underground work on the 500-ft level is being extended. The sinking of the vertical winze from the above horizon will take place at an early date. Drifting on the 520 vein is being pushed and has been opened up for some 75 ft. Visible gold is showing in several sections

Sorting the Mines, 15.

An Impartial Analysis of Listed Stocks from A to Z

These little close-ups are aimed at giving Financial Post readers a rapid fire inventory of the market today. In no sense are they to be regarded as exhaustive summaries. Each stock will be dealt with in alphabetical order at the rate of three or four a week as space permits.

This is the fifteenth of the series.

Coniagas Mines

This company has undergone some broad changes since the days when it was an important, dividend-paying silver producer of the Cobalt camp. The company paid dividends continuously from 1907 to 1924, when the property was practically exhausted.

Since that year, the company has rehabilitated itself as an investment and exploration company with the result that in 1933, dividends were again resumed, and have been paid every year since at the rate of 12½ cents per share per annum.

These dividends have been paid largely from accumulated surplus, and represent in part at least, a return on capital invested.

At present the company has some sizeable investments, and in the annual report for the year ended Dec. 31, 1934, these investments and other assets equalled about $3.88 per share.

Chief assets today consist of 623,600 shares of Coniaurum Mines, the Porcupine producer; about 75,000 shares in God's Lake Gold Mines, the new Manitoba producer; a large interest in Argosy Gold Mines, successor to Casey Summit, and a one-third interest in Sturgeon River Gold Mines, a gold prospect in the Beardmore, Ontario district.

In addition to these interests, the company is believed to have made a handsome profit on its shares in Pamour Porcupine, which it obtained through rights offered by its subsidiary, Coniaurum, Pamour Porcupine, Post readers will recall, is the property being energetically developed by Noranda Mines, in the Porcupine district.

Recently it was announced that Coniagas would develop the property held by Canadian Precious Metals Syndicate in Duverney Twp., Quebec.

The affairs of Coniagas have been well handled, and the working capital position well maintained. The price of the stock has staged a remarkable come-back since the bleak days of 1930, 1931 and 1932, when it could have been picked up for a price which at one time reached 23 cents per share.

Price Range of Stock

	High	Low	Last
1935			
Common	3.80	2.00	3.00
1936			
Common	3.05	2.95	3.05

Coniaurum Mines

This Porcupine producer is a subsidiary of Ventures Ltd., which stepped into the picture in August, 1929, after the former company had gone into receivership.

The property, since the incorporation of the original company was developed by Coniagas Mines. In 1927 it was decided to build a 400-ton per day mill. In the spring of 1928, the mill came into operation but profits were not sufficient to carry on operations and meet the interest on the company's bonds.

A receiver was appointed, and in July, 1929, the company was reorganized by Ventures Ltd. under the same name, and the old charter surrendered. Ventures now owns a reported 1,443,857 shares.

At present the mill, which has been operating continuously since 1928, is treating about 440 tons per day from the mine, and about 150 tons per day of dump rock.

During the first nine months of 1935, the company treated 109,905 tons, from which bullion to the value of $819,356, was produced. This makes a recovery per ton of $7.45. Therefore the estimated operating profit on this income for the nine month period was $138,692.

At present the property has been opened up to 3,000 ft. depth. This year it is planned to open it up to the 4,000-ft. level. Erratic distribution of the values in the veins precludes any estimate of blocked out ore. Broken ore, however, as at Dec. 31, 1934, the latest figure available, stood at 134,113 tons, of no stated grade.

Coniaurum has an authorized capitalization of 6 million shares, no par value. As at Dec. 31, 1934, the outstanding stock amounted to 2,717,947. There has been no change in the outstanding stock of importance during the year just passed. Working capital has been increased every year, and as at Dec. 31, 1934, stood at $775,772. The company has in its treasury a considerable block of Pamour Porcupine shares, and last November offered shareholders rights to purchase at 20 cents per share, Pamour shares on the basis of one Pamour for ten Coniaurum.

Price Range of Stock

	High	Low	Last
1935			
Common	2.60	1.35	1.88
1936			
Common	1.90	1.80	1.85

Consolidated Mining & Smelting

Consolidated Mining & Smelting Co., usually referred to as Smelters, is simultaneously a mining, smelting, exploration, and holding company, and in each of these rôles operates on a large scale.

It is one of the biggest lead and zinc producers in the world, besides being an important producer of silver and gold. As an exploration company, it has spent a tremendous amount of money, and is today active in nearly every mining area in Canada, from Chibougamau in Quebec, to Goldfields near Lake Athabaska. The company's main producing property is the Sullivan Mine, north of Kimberley, B.C., where ore reserves carrying values in lead and zinc are known to be enormous.

Higher prices for lead and zinc in the latter part of 1935 will unquestionably have a marked effect on the company's earnings, which, in the 1934 fiscal year amounted to about $3.39 per share. It is expected that in 1935, these per share earnings will be near the $9 per share mark.

A little known but fairly important phase of the company's operations centres around its fertilizer plant, where rapid strides are known to have been made. A prominent grain man recently told The Post that there was a potential market for about 20 million acres, or $20 millions of fertilizer for Smelters.

The company's smelting operations centre at its plant at Tadanac, near Trail, B.C. Here ore and concentrates from the company's plant and from customs shippers are treated and refined.

It would take pages to itemize all the various holdings which this concern has. Apart from its base metal operations, perhaps the most important of its developments are the Buena Vista Mine, owned by Big Missouri, where a large tonnage mill is shortly to be built; Chibougamau, where a vast low grade copper-gold prospect is being developed, and at Beaverlodge, or Goldfields, the new gold prospect. In addition, of course, the company has several prospects in Ontario.

Smelters has an authorized capitalization of 800,000 shares, par value $25, of which 651,652 shares are outstanding. Over 50 per cent of the outstanding stock is owned by Canadian Pacific Railways.

In 1935, the company paid a total of $6.50 per share in dividends and extras, as compared with a payment of $3 per share in 1934.

It is obvious that much of the company's success must depend on prices for lead and zinc. The fact that it has been able to operate at a profit during years of low base metal prices, speaks well for the calibre of the mine and the management.

The company is today in a strong financial position, working capital at the end of 1934 amounting to nearly $13 millions.

Price Range of Stock

	High	Low	Last
1935			
Common	220	125½	203
1936			
Common	208	200	206½

DRILLING TO START IN NORTH ALBERTA

Waterways Oils Active on Former Von Weymarn Properties

From Our Own Correspondent

EDMONTON.—Drilling for oil in the Clearwater district near Fort McMurray, northern Alberta, is to be undertaken by Waterways Oils, in the near future, The Post learns. The company is financed by Edmonton business men.

A large tract of land comprising petroleum and natural gas leases has been registered at the provincial land office here and leases for the property issued.

Included in these leases is the former property of Von Weymarn Bros., who carried out an extensive exploration programme prior to the depression in 1930.

Waterways Oils, also has acquired all the equipment and machinery on the ground belonging to the Von Weymarn firm. It is planned to widen and deepen the 700-ft. well now on the property in the hope of penetrating the oil bearing strata which has long been believed to exist in the area.

MEAGRE CHANCE ENGINEER HOLDS FOR YMIR CONS.

Must Pin Faith to Goodenough, Shareholders Told

From Our Own Correspondent

VANCOUVER.—Considerable interest has been aroused here and in Victoria concerning the affairs of Ymir Consolidated mines following the sudden shutdown before Christmas. A large meeting of shareholders was held in Victoria recently and W. W. B. McDougall, independent engineer, reported that "an exhaustive examination revealed no commercial ore."

Mr. McDougall said that the only chance the shareholders had was to raise $25,000 to be spent on development in the shear zone in the old Goodenough mine, and if sufficient ore were found there they might get something. The meeting decided to follow this course.

O. D. Frith, mine manager, said a mill larger than the 100-ton plant would be necessary to earn a profit owing to the low grade available. At first he suggested a 400-ton mill, but now was inclined to favor an 800-ton proposition.

The company is reported to have liabilities of $70,000, including $28,000 of accounts payable, $12,000 still owing on the $81,000 mill. Wages were all paid, but $25,000 was still owing on the property. The company had agreed to pay $60,000 for the eight Ymir group claims and $100,000 for the four crown granted Goodenough group claims.

The report shows that from the sale of 775,000 shares early last year at 25 cents a share, the treasury of the company netted $155,000. The company was incorporated with a capital of 3,000,000 shares, with a total of 2,025,000 issued as of May last.

BARLOW REPORT URGES INCREASE IN SUBVENTIONS

Coal Expert Suggests Control of New Ventures

From Our Own Correspondent

EDMONTON.—Greater control over development of new mining properties and increased subventions, giving Alberta coal operators a larger margin on export shipments, are recommended in a preliminary report on the recent investigation of the coal mining industry of the province, by Sir Montague Barlow, of Great Britain.

The report has been placed before the Alberta cabinet and is to be completed in a second installment containing additions and possibly some amendments, Premier William Aberhart announced. The full report will not be published until completed.

Types of Coal Needed

Some of the main points covered in the preliminary report deal with types of coal to be shipped, formation of an operators' association, increased mine rescue work, merchandising of coal and the control of development, it was learned.

Sir Montague favors restrictions on new mines opening and government control over future development. Codes, prices and quotas in accordance with the terms of the Provincial Trades and Industry Act, are forecast in a general way, and the proposed operators' association will help in the better merchandising of the product.

Present subventions on coal shipments is on the basis of a railway freight rate of $8 a ton of which the Dominion government contributes $2.50, leaving a rate of $5.50 for the mine operators.

In the event of an increased subvention from the Dominion it is thought likely, as indicated at the hearings of the enquiry a short time ago, that the railways will be asked for a corresponding reduction of freight rates, so as to leave the operators with a substantially reduced net rate.

On previous occasions when operators have interviewed the government on the subject it has been intimated that a reduction of even $1 on their freight rate per ton, by means of subvention or otherwise, would go a long way toward placing the industry on a better footing.

In connection with mine rescue work, Sir Montague Barlow suggests there should be more relief stations, and he proposes a mining industry welfare fund.

Ore Shipments to Trail Amount to 13,830 Tons

Shipments of ore and concentrates received at the Trail smelter of the Consolidated Mining and Smelting Co. of Canada for the period December 22 to 31, 1935, inclusive, amounted to 13,830 tons.

Concentrate shipments amounted to 176 tons and ore from other than company mines 332 tons.

Shipments from mines owned by Consolidated Mining itself totalled 13,332 tons.

A detailed statement of receipts for the week is given below:

Name of Mine	Tons
Carmi	53
Evening Star	54
Highland Lake	103
L. D.	3
Silverine	23
Skylark	41
Wellington	55
Dentonia (concentrates)	80
Grandora (concentrates)	2
Nicola (concentrates)	24
O'Brien (concentrates)	43
Yankee Girl	47
Total	508
Company's Mines	13,322
Grand Total	13,830

Wayside Mill Tonnage Reaches 102 Tons a Day

The new 100-ton flotation cyanide plant of Wayside Consolidated, in the Bridge River district has been running since Dec. 11 and is now operating steadily at a rate of 102 tons daily.

At the annual meeting of shareholders, the old board of directors was re-elected but the place occupied by the late David Sloan was not filled.

The management announced that the mill was giving complete satisfaction but preferred not to present details until the plant had been running several months and a comprehensive report could be prepared.

Mining Reports

Turner Valley Oil Co.

Little change in the position of Turner Valley Oil Co. is revealed in the annual report for the year ended Sept. 30, 1935, recently released.

Hugh Malvin, president, states that none of the proposals laid before the board, calling for investment in royalties, were accepted.

Certain sections were leased during the year for 21 years to Clarence Roth, representing a syndicate acquiring leases in the New Valley area, east of Turner Valley proper.

This lease calls for a small cash rental, a royalty on production, and the drilling of a well on adjacent properties, and the subsequent drilling of two wells on the leased area.

Balance Sheet Unchanged

The balance sheet remains practically unchanged. No shares were issued during the year, and the issued capitalization remains at 263,865 shares, of an authorized capitalization of 500,000 shares, par value $1. Of the issued capitalization, 28,865 shares have been forfeited, with the result that a net of $235,000 is outstanding.

Current assets, consisting mainly of Dominion of Canada bonds, 4 per cent due Oct. 15, 1945, and valued at $26,055, remain practically the same as the previous year, at $26,995. Cash in the bank amounted to $442. The company, as in previous years, shows no current liabilities.

The revenue and expenditure account for the years ended Sept. 30, 1934 and 1935, follow:

Revenue Account
Years ended Sept. 30

	1935 $	1934 $
Revenue		
Int. earned	1,088	1,108
Lease rental	160	......
Profit on sale of bonds	......	215
	1,248	1,323
Expenses		
Sec'y's salary	300	300
Audit fees	30	35
Legal exp., etc.	66	27
Directors' fees	800	750
Income tax*	......	67
	1,196	1,179
Net revenue	51	144

*No liability set up in 1935.

Wright-Hargreaves—Report that production for the three months ended Nov. 30, 1935, amounted to $1,870,000 from the treatment of 93,744 tons of ore. These figures indicate daily mill rate of 1,030 tons and an average grade of $19.95 per ton (gold at $35 an oz.)

PIONEER TONNAGE MAY BE INCREASED TO 500 TONS DAILY

Officials to Maintain Cash Position Before Boosting Dividends

From Our Own Correspondent

VANCOUVER.—Capacity of the Pioneer Gold mill may be stepped up to 500 tons daily in order to accommodate the expected increase in ore tonnage of the next few months. It is not proposed to make any large addition to the plant, but merely to rearrange some of the equipment to give the larger production.

Officials of the company say there will be no increase in the dividend rate in the near future.

Meantime the mill is operating at 400 tons daily regularly. In December the output was valued at $270,000, with expenses of $76,000, so that $194,000 was left as net profit before taxes and depreciation charges. This shows an increase of $4,000 over November's figure.

The new crosscut is now down 3,000 ft. with crosscuts down to the 26th level. The procedure is to crosscut off the shaft for a distance of 100 ft. as the initial penetration toward the vein. The work is then discontinued at the end of 100 ft., and this plan is to be followed till the crosscut is made at the 26th level. This is to avoid blastings just off the shaft and interference with the electrical equipment in operation within the shaft.

FOND DU LAC AREA IS BUSIEST CENTRE AT L. ATHABASKA

Government Reports 300 Claims Staked, and More Coming

From Our Own Correspondent

REGINA.—The Fond du Lac area, on the eastern end of Lake Athabaska is at present receiving most attention in the Athabaska mineral region. Saskatchewan's department of natural resources reports about 300 claims staked for registration and more coming in.

One feature of the Fond du Lac field not found at Goldfields, the original Athabaska find, is the depth, north and south, of the territory staked so far.

Goldfields stakings cover an area practically on the shoreline of the lake. That is where the major development is now taking place with Consolidated Mining & Smelting, Athona, Athabaska - Portal and Lee-Greenlaw actively engaged in extending shafts, drifts or completing diamond drilling.

One fact concerning Smelters' development, of which not much can be learned, is that No. 2 shaft previously reported to have been started across two narrow lakes from No. 1 shaft is actually on the same shore line but 1,200 ft. northeast and practically 100 ft. above the ground level of No. 1 shaft. This means the second shaft would have to go down 200 ft. to reach the 100 ft. level of No. 1 shaft, which goes into the side of the hill on a 40 degree slant.

WRIGHT-HARGREAVES

Special analysis available upon request

J. E. GRASETT & CO.

Members the Toronto Stock Exchange

302 BAY ST. WAVERLEY 4781 TORONTO

Branch Office:
2822 Dundas St. W. at Heintzman Ave. JU. 1167

Mining Enquiries

Nicola Mines & Metals

Can you tell me why the shares of Nicola Mines & Metals stay so low and is the mine in production? What are its prospects?

After a hectic career in which operations were tied up for many months by litigation, counter suits, etc., Nicola Mines & Metals is finally in production and is handling approximately 65 tons a day. In November, the first full month of regular production and the latest on which figures are available, a total of 1,828 tons were treated, from which three cars of concentrate averaging 84 tons were obtained. This ore assayed 2.82 ounces gold to the ton and 90.03 ounces of silver per ton of concentrate.

While the situation at this property is, at the present time, better than it has been for a year or two, it will not present a particularly attractive front until the company has cleared itself of debt. This, officials claim, the company can now do. In the meantime, however, this proposition remains a speculation of doubtful merit.

Corless Patricia Gold Mines

What is the situation at Corless Patricia Gold Mines, briefly? Is it, in your opinion, a coming producer?

Corless Patricia Gold Mines, which acquired the Henry Brothers mine in the Woman Lake area, Red Lake Mining district, is still in the early stages of development and is a long way from production. We understand from officials that plans are under way to start shaft-sinking and a mining plant for this purpose is on this property. Through Richmond Development Co. the company claims to be financed for this work at least until the spring.

Briefly this is an unproved property and should be treated entirely as a speculation with certain definite risks involved.

Northwest Minerals Ltd.

Can you supply me with any information as to the progress of Northwest Minerals, which, I believe, has holdings in the Great Bear Lake district? I have some shares and would like to know the company's progress in the last two seasons.

Northwest Minerals owns properties in the Great Bear Lake and Lake Athabaska mining area. The majority of the Great Bear Lake properties were acquired from Northwest Radium Minerals for a consideration of 1.5 million shares.

In 1932 and 1933 considerable exploration work was done on the Great Bear Lake properties by North West Radium Minerals. Gold, silver and pitchblende were found in association but costs have proved so high that further work in this area has been discontinued in favor of Lake Athabaska region which is considerably more accessible. In the Athabaska area development is being carried out and officials of the company report encouraging values. You are probably aware that in this area Athona and Consolidated Mining & Smelting Co. are also meeting with initial success, although the whole area must still be considered as a prospect only.

Northwest Minerals has good technical direction and, we understand, is being financed by Devitt, Muir & Co., of Edmonton, under a stock option agreement.

It will take a lot of money to develop this area, but values so far reported seem to warrant further exploration and it is generally felt that this new field will be one of the busiest centres in the course of the coming season.

Robb-Montbray

I know you do not select stocks for your readers, but am enclosing a list of the cheaper mining stocks, and would appreciate your opinion as to how they stack up with Robb-Montbray, the company in which I am really interested.

You can readily understand that when a mining company is in the initial stages of development and is therefore in the low-price field, the most important thing to ascertain is the quality of the management. On this basis, the outstanding company on the list mentioned by you is Robb-Montbray. This is a well-managed exploration company which has examined many prospects, but which has not as yet met with any outstanding success. This, of course, accounts for the price level of the stock. However, the management has always kept the shareholders well informed as to the situation and has in the past been able to give a good account of expenditures. At the present time, the most promising of this company's property is the Beidelman group at the south end of Sturgeon Lake in Ontario, which has been held by Robb-Montbray Mines under option. Recently it was announced that the company had formed a subsidiary, Darkwater Mine, to own and develop this property. Robb-Montbray will have a share interest in Darkwater Mine. This property has seen only initial development work.

"Disc. on Shs."

In your new Survey of Mines, on page 177, re Paymaster, there is an item in the balance sheet, under assets, "Disc. on shs., $2,885,452." Would you be good enough to explan what this means to a tyro?

The item in the balance sheet of Paymaster Consolidated Mine as shown in our Survey of Mines means discount on shares.

The reason for this entry is a matter of bookkeeping. As you will notice, the par value of this stock is $1. However, the company, as is usual, sold the stock at a discount, that is at less than $1. However, since the par value is $1, the company is obliged to show the outstanding capital stock under its liabilities at the full dollar per share price, which in this case amounts to $6,850,091. To offset the difference between the par value and the actual selling price, it is necessary to make a corresponding entry under assets. Otherwise, as you can understand, the balance sheet would not balance. Thus the company enters the discount as a deferred asset.

This is a bookkeeping operation only and is of little real significance.

Central Patricia Gold Mines

What are the chances for increased production at Central Patricia Gold Mines in the next year or so? Isn't it about time the mill was increased?

You are probably aware that a programme for increased production is now under way at Central Patricia. Central Patricia has met with unusual success in developing its ore bodies which have not only maintained their width at depth but have maintained the mine grade to an encouraging degree. In 1935 the company increased its ore reserves by as much as two, possibly three times. The company is managed by experienced men who are not eager to have the property "mill heavy." Accordingly they wish to build up a substantial reserve of ore before increasing the mill proportionately. While nothing official is known as to the future plans, it is evident that these depend largely on what continued success the company has. It is generally understood, however, that at the present time prospects for increased tonnage, and consequent lower costs and higher profits are good.

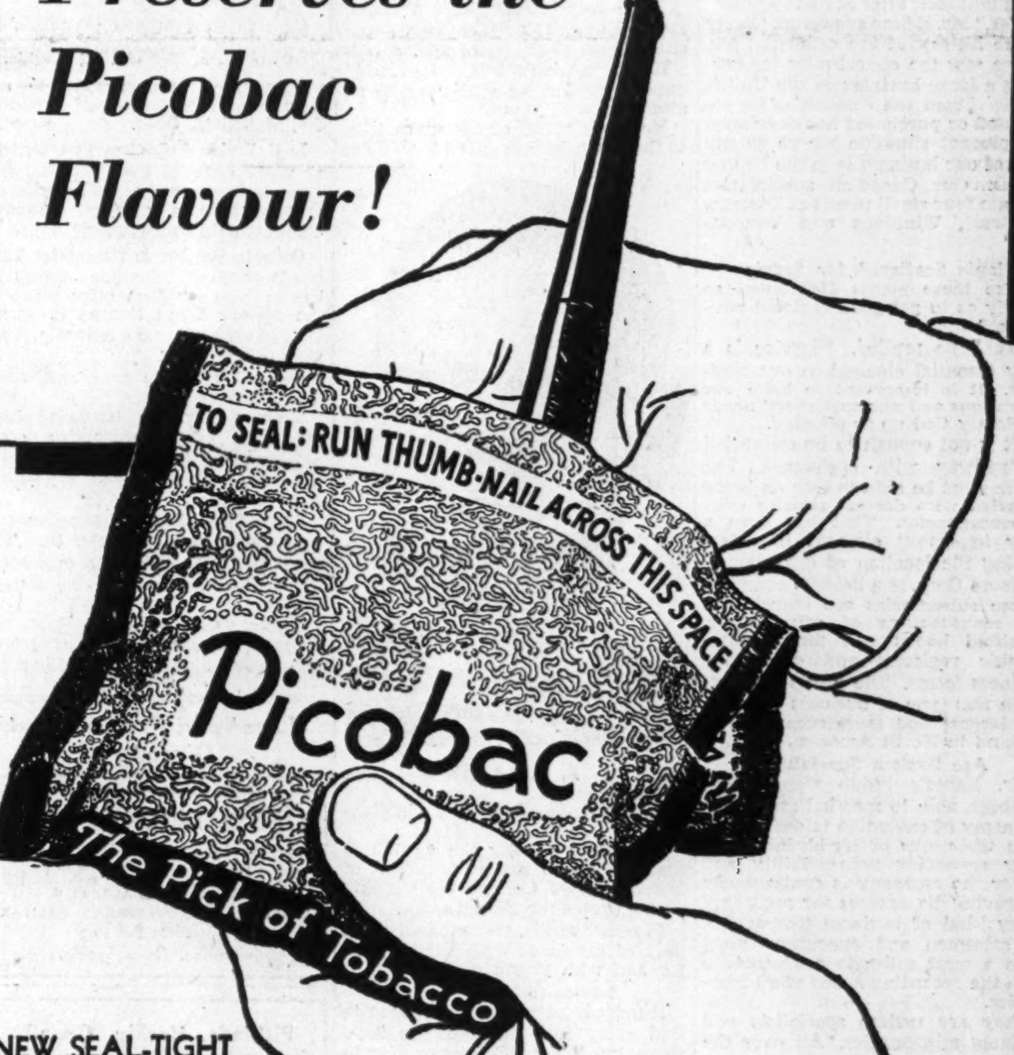
Two Brothers Valley Gold

What are the prospects for Two Brothers Valley Gold Mines at the present time? Is there any market for this stock, either in the east, or here in British Columbia?

Two Brothers Valley Gold Mines was originally formed to develop a placer proposition on McLaren Creek in Northern British Columbia. These properties are fairly inaccessible and are served at the present time almost entirely by airplane. The men behind this venture are well known in the West and are apparently sincere. However, these properties face several serious handicaps both as to location and climate, and so appear to be a rather hazardous speculation at the present time.

We can find no market for this stock among Toronto unlisted stock dealers, but might suggest that you write to a broker in Vancouver or Calgary, where possibly you might find a quotation.

The handy, "SEAL-TIGHT" Pouch Preserves the Picobac Flavour!



NEW SEAL-TIGHT POUCH 15¢
½-POUND "LOK-TOP" TIN 60¢
ALSO PACKED IN HANDY POCKET TINS

BUY your Picobac in the handy, pipe-loading, "SEAL-TIGHT" pouch and get it pipe-ready and factory-fresh, with all the characteristic, fragrant flavour preserved for you to enjoy. Airtight when you buy it, the Picobac pouch can be resealed each time after using by simply resting it on a firm surface and running your thumb nail across the flap, thus keeping the tobacco fresh to the last shred!

Picobac is Canada's finest Burley — the pick of sunny southern Ontario's crop—and thousands of men say no other tobacco can match it for a mild, cool, sweet smoke.

"IT DOES TASTE GOOD IN A PIPE!"

Picobac

Imperial Tobacco Company of Canada, Limited

GROWN IN SUNNY, SOUTHERN ONTARIO

Favors Group Management

E. G. Baker, Next President of Moore Corporation Controls 15 Big Plants in Canada and United States

By WELLINGTON JEFFERS

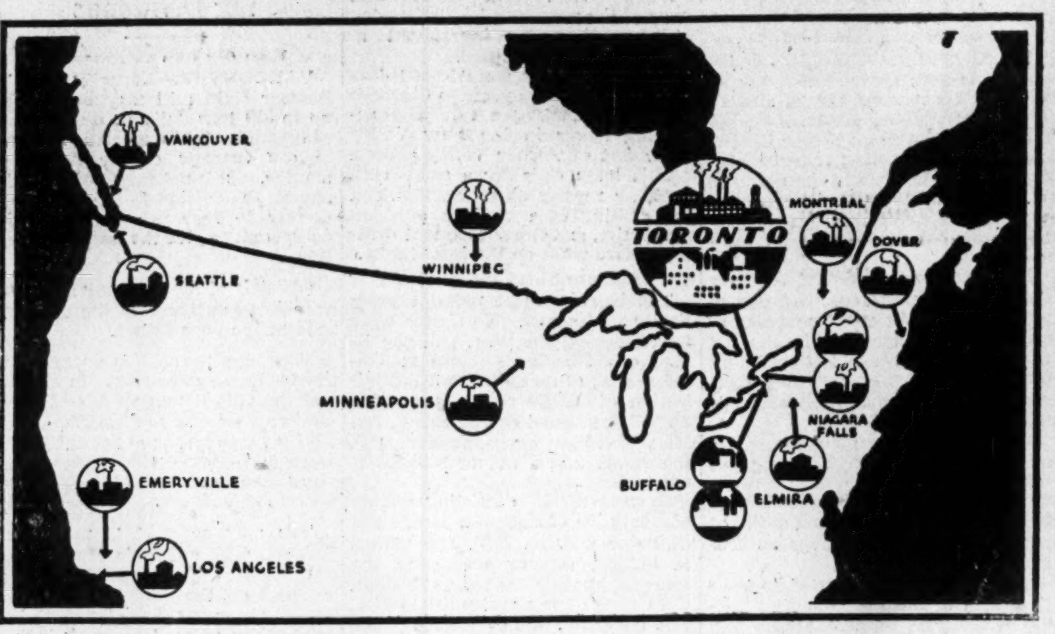
E. G. Baker stands for group management along modern lines in business and industry.

Already president of F. N. Burt Co. he is soon to be president of Moore Corp. because for years he worked strenuously to achieve in all the 15 plants of those companies expert management on the spot with full power to act as each occasion demands.

Every subsidiary in Canada and the United States has all the principal executives associated in the management, and every important problem gets consideration from all angles.

The general managers in turn belong to a central executive which determines policy. That guides without hampering various subsidiary managements.

In 1934 The Financial Post made a study of S. J. Moore's contribution as builder of the two companies. He goes now to comparative leisure but certainly not obscurity, as chairman of the board while the companies grow into the second stage of their progress under Baker-developed group management. The process has been going on for years and it has fallen to the lot of Mr. Baker to superintend its development. It has been an excellent system which worked out in a way to advance materially the original objectives of the founder.



Moore Companies' dozen plants are shown in black while F. N. Burt Company's plants are in white.

"Spread the Praise"

A friend of E. G. Baker congratulated him recently on his new honors. Mr. Baker replied: "Group management in our companies is real.

"That means that any praise for success of the companies should be spread around.

"My chief claim is that I have thoroughly believed that the best success could be obtained by getting around me a large group of executives who are all smarter than I am."

The Financial Post, hearing this, asked Mr. Baker for details.

"For many years," he said, "we have had a real conviction that the growth of this business would be determined by the character of the men who are running it. We have given a great deal of thought to the development of executives.

Quadruple Management

"Moore Corp. has six operating units. Each unit has a general manager as chief operating executive. He is assisted in the management by the sales manager, the factory superintendent and the comptroller.

"These four men comprise the management group of each unit. The general managers of the units in their turn, together with the officers of the holding company—Moore Corp.—form the executive group of the corporation. The latter group determines policy."

"But you have 12 plants in all," he was reminded. "Does one operating unit look after several plants?"

"Yes," Mr. Baker answered. "Early in the history of the company, Mr. Moore saw the opportunity for creating a large business in the United States. From the companies he originated or purchased has developed the present situation where 90 per cent of our business is in the United States. Our Canadian subsidiaries operate four small plants at Toronto, Montreal, Winnipeg and Vancouver."

Plants Scattered for Service

"Are these plants distributed so widely as to get good regional coverage?"

"Yes," he replied. "Service is a very essential element in our business. It is important to have our operations and our customers' needs as closely tied up as possible.

"It is not enough to be connected by railway with customers. The latter must be able to rely on being supplied with desired articles even in emergencies. That has been a very important element in determining the location of our plants."

Moore Corp. is a holding company whose subsidiaries are engaged in the manufacture of sales books, manifold books and forms, autographic registers and continuous business forms. The group pioneered in this type of business and it is the largest and most successful of its kind in North America.

Are System Specialists

Mr. Baker's group management has been able to marshal an imposing array of executive talent to deal with the needs of its business.

By spreading responsibility and power the company is continuously improving its devices for recording every kind of business transaction. Its salesmen and executives must have a most intimate acquaintance with the recording needs of all companies.

They are system specialists and business missionaries. All over the United States and Canada the company has 400 salesmen showing business men how they can gain greater operating efficiency at possibly less cost by the use of multiple leaf forms. To do that all over the continent needed group management.

F. N. Burt Changes Pilots

An entirely different set of problems faces the executives of F. N. Burt Co. and these have had to study packaging needs of all kinds of business as well. Had that not been so they would not be today making paper boxes, paper products, molded paper novelties, folding cartons, rigid paper boxes, jewellery boxes, round boxes and mailing tubes, and cores for all the needs of large distributors, merchandisers and manufacturers.

F. N. Burt Co. has had an interesting past and now under the presidency of Mr. Baker is orientating itself still further to meet the future in line with the ideas which have been so successful with Moore Corp. It was formed in 1909 to acquire F. N. Burt, Inc., of Buffalo and some Canadian companies were bought in 1910.

In the recent announcements of F. N. Burt Co. changes it was announced that Miss Mary R. Cass had retired as general manager of the United States division, and had been appointed vice-president as a tribute to 43 years of admirable service for the company. Since 1911 Miss Cass had been general manager and the company's progress owed much to her energy and strong personality. She was well known throughout the United States division as a very interesting woman and a capable executive.

J. H. Paterson Succeeds

In 1935 she was succeeded by J. H. Paterson as general manager of the United States division, also well-known throughout the United States paper box industry.

He was previously assistant general manager for 30 years and, like Miss Cass, grew up with the business. W. N. McLeod, former secretary, has also been appointed vice-president.

Born in Toronto

E. G. Baker was born in Toronto. Thirty years ago he took a position with Mr. Moore. He had intended it to be a temporary position and to return to the University of Toronto. He found the work so engrossing and the outlook so favorable, however, that he has never returned to complete his course with the class of 1908. He has been taking "a continuous course in business" ever since.

Mr. Baker is essentially a young man. He still has the verve and enthusiasm of 30 years ago.

He has the ballast of concentrated experience but he still lives in an atmosphere of youth.

He gives much of his spare time to the National Council of the Young

E. G. BAKER

Men's Christian Association in Canada.

He values equally the work and associations he has as president of Toronto Bible College for training young people for church work.

In other words, he spends a great part of his spare time thinking of, for and with young men.

Advice to Young Men

Hundreds of young men eager to find entry into business life have presented their problems to him in the course of the last six years. He has recognized the difficulties of the depression period as especially hard on young men but he also thinks the opportunities ahead are just as great as they ever were.

When a young man recently asked his advice on how to get a start in business, he is reported to have said: "In business life there are three main paths to the top; on the production side, the sales side or the financing and accounting side.

"They all reach the top.

"The young man's first job is to decide which of these routes he is best able to follow. There are opportunities for young men who have the will to work hard and who are not afraid to take responsibility."

Sees Gain From N.R.A.

Mr. Baker does not think that labor and capital are naturally antagonistic. If fair policies are followed, it is obvious—he thinks—that both profit most when business flourishes.

He welcomed the first exposition of N.R.A. policies by President Roosevelt. At that time the expectation was that the president would give a charter to each industry to work out its problems in a way to put all companies on the same footing so far as hours and wages and conditions are concerned.

"Later, bureaucracy took control," said Mr. Baker. "There has been an attempt to regiment business and that has failed. The unsoundness of those methods brought about defeat.

"That should not blind us to the fact that the president's original plan was designed to meet a real need. In return he promised to deal with the chiseler, the cut-throat fellow. These are a detriment to any industry and should disappear.

"It has not been all loss. It has in one single stroke done more to correct child labor evils than all the federal and state laws of the previous 25 years.

"It has narrowed the gap between the fair wages paid by constructive companies and the low wages previously paid by cut-throat companies. It looks as if that gap had been narrowed permanently. That helps the community at large and all the fair companies, which in my opinion are greatly in the majority."

A Successful President

Mr. Baker is a successful president. The title will confirm that estimate because it comes to him after he has been doing the work he is now expected to continue. He has displayed high qualities as a harmonizer of ideas and ideals. Judgments expressed by those who know him and meet him often would be boiled down by an impartial stranger to something like this:

"All reports agree that this man is sanguine, earnest, able, sincere, friendly, observant, level-headed, alive at all points and a true believer in Moore Corp. and F. N. Burt Co., their subsidiaries and the large group of executives that run them.

"He is strongly religious and humanitarian but approaches his ideals through the practical. He is a keen student of men and methods. He will never let his head get so far in the clouds that he does not know what is taking place at his feet."

New Industries

The Toronto Industrial Commission announces that:

Charles A. Branston Co., Ltd., 58 Stewart St., will manufacture and sell "Vogue" electric manicuring equipment in Canada under an arrangement with American Products Co., Mansfield, Ohio.

L. C. Smith & Corona Typewriters of Can., Ltd., 35 Front St. E., has doubled its factory space in order to accommodate a greatly extended manufacturing programme.

Ontario Engine & Foundries Ltd., newly-formed Canadian company, has taken over the entire plant of the former Wind Engine & Pump Co., Liberty St. and Atlantic Ave., for production of grey iron, alloyed metal, high-tensile iron and semi-steel castings.

Tremco Mfg. Co. (Canada) Ltd., producers of waterproofing compounds, etc., is building a varnish plant next the factory on Wickstead Ave., Leaside.

Litho-Print, Ltd., lithographers, is now located at 120 Duke St. The new premises are approximately three times larger than the former quarters.

Bristol Co. of Can., Ltd., 64 Princess St., manufacturer of recording, indicating and controlling instruments, announces an expansion of production, engineering, sales and service facilities with important additions to the factory.

Johnson Matthey & Co., Ltd., London, Eng., assayers to the Royal Mint and the Bank of England and one of the foremost firms in the precious metals industry of the world, have amalgamated their Canadian business with The Canadian Seamless Wire Co., Ltd., 198 Clinton St., Toronto.

• • •

Kinburn Boot & Shoe Co. will commence operations in Halifax early in January, employing about fifty men. (Halifax Herald).

Kinburn Boot & Shoe Co., Mahone Bay, N.S., will commence operations this month, Frank Ernst to be manager.

Lawson & Jones, Ltd., London, Ont., printers and lithographers, will build an extensive addition to the plant, according to Ray Lawson, president.

Ontario Paper Co., Ltd., plans to erect a newsprint plant at Comeau Bay, near Manicougan Island, Que., to cost about $8 millions and to be completed within the next two years. The company is affiliated with the Chicago Tribune and Daily News of New York. (Montreal Star.)

Study Silicious Ore

The Chamber of Mines of eastern British Columbia is undertaking a study of the silicious ore sitiuation in the mining division within easy reach of Nelson.

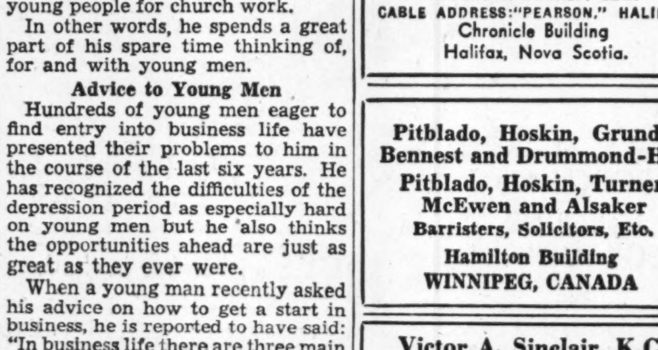
Legal and Professional Directory

PEARSON, RUTLEDGE & DONALD
BARRISTERS, SOLICITORS, &c.
G. FRED PEARSON, K.C.
J. E. RUTLEDGE, K.C.
ROBERT T. DONALD, LL.B.
CABLE ADDRESS:"PEARSON," HALIFAX
Chronicle Building
Halifax, Nova Scotia.

Pitblado, Hoskin, Grundy, Bennest and Drummond-Hay
Pitblado, Hoskin, Turner, McEwen and Alsaker
Barristers, Solicitors, Etc.
Hamilton Building
WINNIPEG, CANADA

Victor A. Sinclair, K.C.
Formerly Chairman, Workmen's Compensation Board, Ontario.
Special attention Workmen's Compensation, Social Insurance, Life Insurance, Corporation and Commercial Law.
1503 Canada Permanent Bldg., TORONTO, CANADA

COTTON FABRICS AND YARNS



DOMINION TEXTILE COMPANY LIMITED
MONTREAL TORONTO HAMILTON WINNIPEG VANCOUVER

DON'T SELL STOCKS
—until you read what "Market Action" says about the future of stock prices.
Write for FREE Sample Copy
WETSEL MARKET BUREAU, INC.
6241 Empire State Bldg., New York

Newfoundland Fishery Hampered By Low Quality

Uncertain Markets and Exchange Difficulties Are Reflected in Lower Prices and Unfavorable Relief Prospects—Other Industries Active

It is likely that the result of Newfoundland's codfishery in 1935 will be lower both in volume and value than the previous year. First grade Spanish codfish has been very scarce as the summer run of cod on the eastern coast was of a small, thin variety. In addition, weather conditions unfavorable for curing left a considerable volume of fish lying partly cured for so long that the proportion of first grade was much below normal.

Statistics of the catch are not available, but a normal season is estimated to be about one million quintals. Last year the Labrador catch was normal, it is generally believed, but the shore fishery varied considerably. Some sections report an exceptionally large year; others have been almost barren. It is unlikely that the total cured this year will be over a million quintals. Some of the fish on which curing was held up by weather conditions is stated to be of later "run," finer grade. Consequently some fishermen have held for early season's prices this year.

Exports Lower

The export trade in codfish has been dull. To the end of October total shipments amounted to 807,000 quintals, compared with an average of about 1,120,000 quintals in the two previous years. Most of the decrease can be traced to Italy, where exchange difficulties were prevalent all year. Since the imposition of sanctions, nominally no exchange has been available. In spite of this, however, small shipments are still going forward, and the Customs are granting export entries for them. As exporters read the orders in council, they may export if outright sale is made, but may not ship on consignment. Just how payment is being made is not clear, but the shipments themselves indicate that some means has been found.

Portugal and Brazil Large Importers

To October, 1935, the largest importers of Newfoundland codfish were Portugal and Brazil, each of which had taken over 150,000 quintals. Other leading markets were the British West Indies which absorbed 133,000 quintals and the foreign West Indies which imported 116,000 quintals. It is in the West Indies market that Canadian fishermen complain that Newfoundland has displaced their product by underselling. It is generally held in Newfoundland that this market has been overplayed.

Worried About Labrador Catch

It is the Labrador catch which is causing exporters most concern. Usually a large part of this catch is marketed in the West Indies, but due to the unusually large proportion of "West India" grade, about third quality, of shore-caught cod which has already been marketed there, it is believed that much of the Labrador catch, which comes on the market later, will have to be absorbed elsewhere. Some of those engaged in the trade estimate that close to 200,000 quintals of Labrador codfish were still unsold at the year end The price sacrifices which may be necessary to move this surplus are causing considerable anxiety.

Uncertain markets, both in respect to the amount which might be absorbed and the prospect of securing adequate return despite exchange difficulties, have been reflected in lowered prices. This, in turn, adds to the government's relief worries. In 1934, when fishery results were much better, public relief cost the country $1.1 millions. Estimates of the 1935 outlay, made by competent observers, place the total in excess of $1.5 millions.

Seek Change in Control

There appears to be some agitation for a return of full government control of the situation as existed under the original board created by the last representative administration. The chairman of this board had complete authority, the exporters serving merely in an advisory capacity.

The fishery problem is complicated by other factors such as the comparative isolation of the population in small settlements, and the system of securing goods on long credit at high prices. Merchants are considered to have done good work under this system in carrying fishermen over the times of difficulty, and fishermen have done their best to repay advances when their returns permitted. However, many regard it as a very unstable foundation at best. The fishermen are said to be in the position of finding the summer's wages already used up to meet payment of articles bought on credit six months before.

PORT OF SPAIN UTILITY SYSTEM CHANGES HANDS

Trinidad Electric Has Yet to Agree to Basis of Settlement

From Our Own Correspondent

MONTREAL.—The municipality of Port of Spain officially took over the Trinidad Electric Co.'s properties at the beginning of 1936.

Trinidad Electric's franchise expired some time ago and negotiations were entered into by the municipality with the object of acquiring ownership. Differences arose as to the value of the property; arbitrators were called in and they set a price of about $1.6 million, but made no award in regard to the company's claim for approximately $1 million as original cost of acquisition more than 30 years ago.

Court Gives Decision

The dispute was referred to the Supreme Court of Trinidad, which handed down a decision allowing the company an additional $528,400 more than the valuation set upon its properties by the arbitrators, making a total payment by the city of $2,132,595.

While the municipality took over the property at the beginning of the year, there is no agreement between the company and the municipality to transfer the property as the final purchase price has not yet been agreed upon by the two parties.

To Mine Tungsten

The Sheelite Mining Syndicate of Grand Falls, N.B., purposes carrying on tungsten mining operations in the province.

CHARTERED ACCOUNTANTS

RUTHERFORD WILLIAMSON & CO.
CHARTERED ACCOUNTANTS
RUTHERFORD WILLIAMSON, F.C.A., HAROLD A. SHIACH, F.C.A.,
TORONTO, MONTREAL
Licensed Trustees and Receivers
Rutherford Williamson, F.C.A. F. R. McCutcheon, C.A.

E. R. C. CLARKSON & SONS
Authorized Trustees and Receivers
CLARKSON, GORDON, DILWORTH & NASH
15 Wellington Street West, Toronto
Toronto—Montreal—Ottawa

Robertson, Robinson, McCannell & Dick
CHARTERED ACCOUNTANTS
D. H. McCANNELL—Licensed Trustee in Bankruptcy
Sterling Tower, Toronto

RONALD, GRIGGS & CO. Winnipeg
Chartered Accountants Saskatoon

MILLAR, MACDONALD & CO.
CHARTERED ACCOUNTANTS
WINNIPEG MANITOBA

WILTON C. EDDIS & SONS
Established 1895
CHARTERED ACCOUNTANTS
Federal Building, Toronto

McDONALD CURRIE & CO.
CHARTERED ACCOUNTANTS
Montreal Quebec Toronto

Assorted Triumphs

My friend is an advertising man.

"I see that your cigars have scored a 'Diplomatic Triumph'," he observed yesterday.

"Meaning what?" I asked.

"Ah," he replied gloatingly, "Then there's something about Bachelors you don't know and I do! I have just been reading an advertisement, headed 'A Diplomatic Triumph', which established the supremacy, wherever the great and distinguished gather, of real Havana cigars — made with the REAL Cuban Leaf. The Cuban Government is proudly telling the world about it — it's news."

"Well," I replied, "It's true, but for twenty-five years Bachelor smokers have known the Diplomatic Triumph, the Social Triumph, not to mention the plain Home-By-The-Fireside Triumph that the 100% Havana-CUBAN Leaf filler of Bachelor Cigars always scores."

So I demonstrated with a Bachelor.

"IT'S GOOD TO GET BACK TO A 10c. CIGAR!"

WILSON'S BACHELOR Cigar 10¢
100% Havana Filler

Order your copy of The Financial Post 1936 BUSINESS YEAR BOOK now! It contains over 60,000 up-to-the-minute facts about Canadian trade, finance, industry, agriculture, insurance, taxation and other aspects of the life of the nation in ready-reference form.

INTERNATIONAL HARVESTER *Thanks You for the Biggest Increase in Registrations Made by Any Leading Truck . . . and looks forward to another big year of transportation progress*

The Most Complete Line of Trucks on the Market—from Half-Ton Light-Delivery to Heavy-Duty Six-Wheelers.

Note: Might's Directories, Ltd., report 81% gain in International Truck registrations—and 35% gain in registrations for the entire truck industry — for the first ten months of 1935 over the same period in 1934.

THIS BIG INCREASE in International registrations climaxes a long, steady record of International Truck popularity. For more than a quarter-century business men have come to International Harvester when they have needed the most reliable truck transportation and the soundest kind of truck economy. International's position in the industry has long reflected this well-established, growing popularity.

When the demand for such a well-established truck is increased 81% in any year, that is news for all truck buyers. And it is a guide-post for the man who wants the most for his truck money. Go to the nearby International Truck dealer or Company-owned branch and see for yourself just why International Truck registrations have increased 81% while registrations for the entire truck industry have increased 35%.

INTERNATIONAL HARVESTER COMPANY of Canada, Ltd.
Hamilton Ontario
Truck Factory Located at Chatham, Ontario

INTERNATIONAL TRUCKS